

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



FEBRUARY 1959



STATE OF THE ECONOMY

The President's Council of Economic Advisers at work on their Economic Report—Dr. Karl Brandt, Dr. Paul W. McCracken, and Dr. Raymond J. Saulnier, chairman. (See pages 5, 34)

A Good Year Ahead for Banks (page 38)

How to Make Market Research Work for You (page 65)

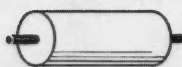


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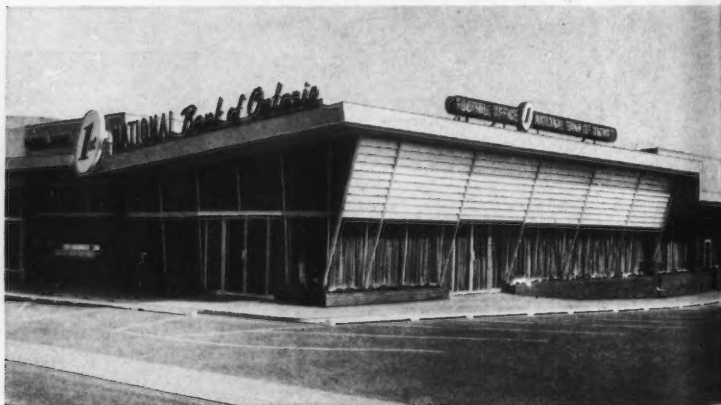
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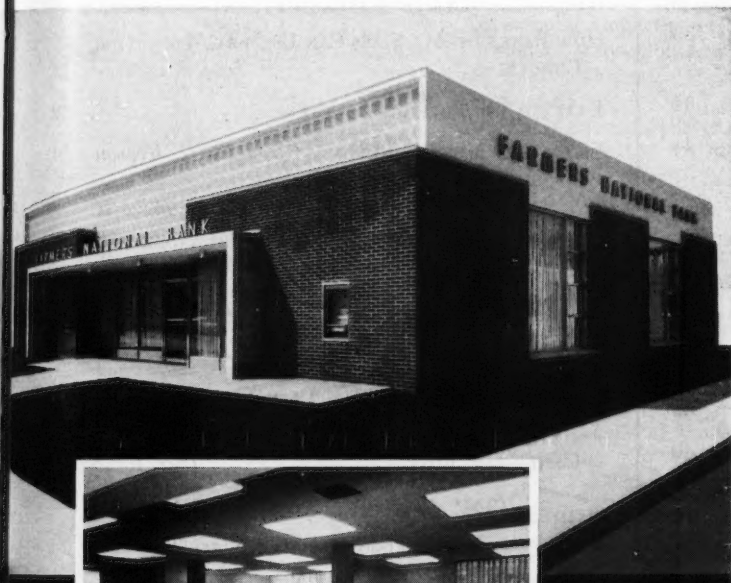
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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

COMPLETE — AUTHENTIC

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Chicago Office (John J. McCann), 33 South Clark Street, Chicago 3, Ill.; Washington Office, 730 Fifteenth Street, N.W., Washington 5, D.C. Subscriptions: \$5.00 yearly; Canada, \$5.50; foreign, \$6.00; single copies, 50 cents. Second class Postage paid at Philadelphia, Pa. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

Send Editorial, Subscription and Advertising Communications to 12 East 36th St., New York 16, N.Y., U.S.A.

February 1959

IN THIS ISSUE

What About 1959?

This question is answered in the title to Herbert Bratter's "A Good Year Ahead for Banks," page 38. He finds that supervisory officials, investment advisers, and commercial bankers feel: "The outlook for banking in 1959 is quite favorable, and only a business setback or other unpredictable adverse development could alter the present trend."

What You Can Do About Merchandising

As a follow-up to last month's report on the use of bank services in Medina, O., this issue offers a "how to" article on merchandising what a bank has to sell. The author, G. Edwin Heming, director of the A.B.A.'s Advertising Department, suggests selling techniques and tools, not only for banks whose local situations resemble Medina's, but for those with different problems. "How to Make Market Research Work for You" is on page 65.

Selling is also the theme of John W. Barry, management consultant, in "How Banks of All Sizes Can Use the Marketing Concept," page 43. He emphasizes the necessity for specialized training.

Those Check Characters

As you thumb through this magazine your eye will be caught by the strange symbols near the top of page 46. They're the magnetic ink characters you've been hearing about for a long time—the alphabet of the common machine language that may eventually appear on all checks—and they help illustrate Richard L. Kraybill's story, "The Promises and Problems of Mechanized Check Handling." He tells what the code can mean to banks, and answers some of the less technical questions bankers will be asking.

New Name for an Old Friend

"Better Methods and Systems" is now the title for one of BANKING's oldest and most popular departments, the former "Methods and Ideas." For a while, you remember, we called it "Operations Report," but the change to the more descriptive heading was made last month, as you probably noticed. The contents lean rather generously to automation these days, for that seems to be the subject uppermost in operating men's minds.



THIS MONTH'S COVER

When this picture of the President's Council of Economic Advisers was taken for BANKING, the nation's three top economic advisers were hard at work on the Economic Report. Instead of taking time out to pose carefully, Dr. Karl Brandt, Dr. Paul W. McCracken, and the chairman, Dr. Raymond J. Saulnier, merely grouped themselves closer to oblige the photographer while they continued to discuss in detail the points in their Report

BANKING'S Investment Forum

INVESTMENT PROBLEM: Case Study No. 5

HERE'S a review of "Case Study No. 5," a trust investment problem that was originally posed and published with possible solutions in the American Bankers Association Trust Bulletin in February 1958. Now, a year later, the same problem and the original investment decisions are reviewed by the men who offered the original solutions.

PROBLEM Pension Plan

Your trust department is named trustee of a noncontributory retirement plan for the officers and employees of your bank, having five or more years of service at the age of 65. Benefits are based on the highest compensation received during five of the final 10 years of service. Credits are at the rate of 1% of the first \$4,200 and 1½% of any

excess, times years of service. Vesting occurs upon completion of 15 years of service and reaching age 55.

The bank has appointed a retirement committee which has the right and power, but is not required, to direct the trustee regarding the investments of the trust. From a practical standpoint, however, the trustee is expected to initiate all investment recommendations. The only possibility of the committee's exercising prerogative would be the fact that it may direct the trustee to purchase capital stock of the bank up to 25% of the then existing value of the trust fund, or 5% of the total number of outstanding shares of bank stock.

Income is to be accumulated and invested with principal, or paid out as directed by the retirement committee. Principal may be invaded only upon written direction of the

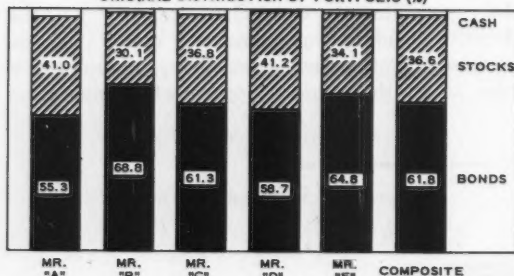
retirement committee. Amortization is not required.

In addition to the pension plan, the bank has established also for the benefit of its employees a cash bonus system, a profit-sharing plan, a group life, and a group hospital and surgical plan. For the last three benefit plans employees may secure wider benefits by making contributions themselves, but a large part of the cost is nevertheless borne by the bank.

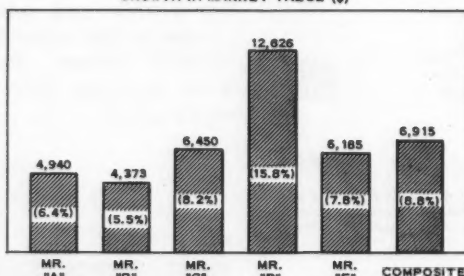
Past service liability is being funded over a 30-year period, and current actuarial projections indicate an annual contribution to the trustee of approximately \$80,000 to cover both current service and the actuarial deficiency. Against this incoming money, over the next 20 years it is not anticipated that total retirement benefits will exceed 10% of incoming funds. The actuarial

(CONTINUED ON PAGE 8)

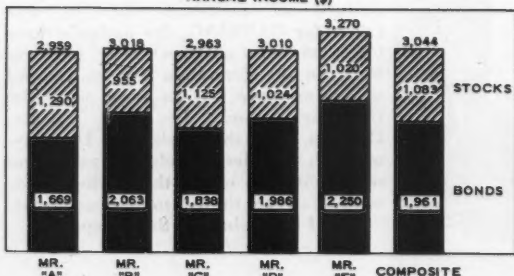
ORIGINAL DISTRIBUTION OF PORTFOLIO (%)



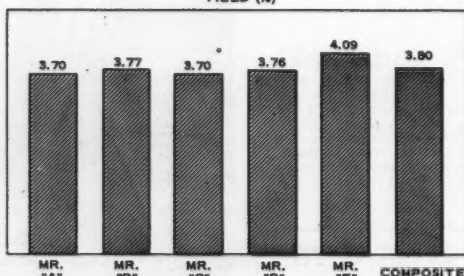
GROWTH IN MARKET VALUE (\$)



ANNUAL INCOME (\$)



YIELD (%)



PENSION FUND RESULTS

The five trust officers' solutions to this problem of an \$80,000 pension fund showed these results after one year

1,600,000 Bell Telephone Share Owners

Most are small share owners. Women are the largest group.

More than 250,000 are Bell telephone employees.

The Bell System is an outstanding example of American democracy in business.

Millions of people use telephone service. 735,000 people work for the Bell companies. More than 1,600,000 people own A.T.&T. stock.

The owners of American Telephone and Telegraph Company stock are people in all walks of life.

Most of them are small share owners. No one individual owns as much as 1/30th of one per cent of the stock. Many thousands own five and ten shares. About half own fifteen shares or less.

Women are the largest group and hold the most stock. Over 250,000 of the share owners are Bell telephone employees.

Some 85 per cent of all the shares are owned by individuals. In addition to these direct owners of A.T.&T. securities, many millions of other people have an important, beneficial interest through the holdings of their insurance companies, pension funds, investment companies, unions, savings banks, etc.

The total of direct and indirect owners represents the great majority of all the families in the country.

A.T.&T. share owners, and the owners of A.T.&T. bonds, are the financial foundation of our ability to serve. For without the money they have put in the business you



OWNERSHIP IS WIDESPREAD. A.T.&T. share owners live in cities, towns and on farms, in 22,000 communities throughout the country. About 450,000 of the shares are in two names, generally husband and wife. Many hundreds of hospitals, churches, libraries and charitable organizations are among the holders of A.T.&T. stock and bonds.

would not have the quality and quantity of telephone service you enjoy today. Nor would there be work and wages for 735,000 employees.

Obviously, investors will continue to supply capital in the amounts required for present and future needs only if they can expect the Bell System to earn a return on the money they invest that is reasonable in comparison with the earnings rates of other companies and industries.

So telephone progress, and the advantage to all that comes from push-

ing ahead, begins with good earnings and our faith that Americans want good and improving service at prices which allow a fair profit.

That is the way of life which in our country has stimulated invention, nourished enterprise, created jobs, raised living standards and built our national strength.

As long as we live by this principle—and earnings are sufficient to enable us to carry it out—the future of the telephone is almost limitless in possibilities for service to you.

BELL TELEPHONE SYSTEM



projection as to interest earned in the pension fund is 3%.

Indicate the investment approach and steps you would take as trustee for your bank's pension plan.

IN this problem, an estimated \$80,000 would be paid into the trust annually and the retirement committee may direct the trustee to invest not to exceed 25% of the value of the trust fund in the bank's own stock. It has been assumed that the current annual contribution had not been received and no bank stock purchased at the time of these investment reviews.

There was considerable variance in the original bond and stock ratios—"A" having 55.3% in bonds and 41% in common stocks; "B" 68.75% in bonds and 30% in common stocks; "C" 61.34% in bonds and 36.75% in common stocks; "D" 58.78% in bonds, 4.57% in preferred stocks, and 36.65% in common stocks; and "E" 64.75% in bonds and 34.08% in common stocks. (Cash is excluded in each case.) At the close of the first year, the market value of the five portfolios had increased \$4,940; \$4,373; \$6,450; \$12,625.50; and \$6,184.75, respectively, due to an appreciation in stocks that more than offset a decline in bonds. This price movement is reflected in the current bond-stock ratios which should be flexible and can always be readjusted periodically as additional funds are paid into the trust.

The actuarial rate used in the study is 3%, and the yields on an original cost basis ranged from 3.7% to 4.09%, well above the minimum earning requirements.

The primary obligation of a pension trust is to pay each retiring employee a fixed amount monthly for life, a definite determinable benefit that can be computed on a sound actuarial basis.

For example, ignoring, for simplicity, the probabilities of death and termination of service prior to retirement and using the 1937 Standard Annuity Mortality Table at 3% in computing the value of a life annuity, \$300 per year for 40 years will provide a lump sum amount of \$23,299 and a pension of \$176.33 per month (or \$2,115.92 per year) for life for a 25-year-old employee when he reaches the retirement age of 65.

Original and Revised Portfolios—Answer "A"

TYPES OF SECURITIES AND ISSUERS	Par Value or Shares		11/28/58 Market Value		Annual Income	
	Total Held After Revision	Original Cost of Holdings	Amount	Percent of Total Fund %	Realized Since Last Review	Anticipated in Coming Year
CORPORATE BONDS:						
American T. & T. 3½%, 1990.....	\$15,000	\$15,000	\$14,100	16.2	\$581	\$581
Consolidated Edison 3½%, 1986...	15,000	14,550	13,650	15.6	544	544
Southern Calif. Edison 3½%, 1981.	15,000	14,700	13,950	16.0	544	544
<i>Change Since Last Review Bought:</i>						
Sears Roebuck 4¼%, 1983.....	5,000	5,250	5,250	6.0	—	237
TOTAL BONDS.....		\$49,500	\$46,950	53.8	\$1,669	\$1,906
			Bond yield—On mkt.	—	4.1%	4.1%
			—On cost	—	3.8%	3.8%
COMMON STOCKS:						
<i>Financial:</i>						
C. I. T. Financial Corp.....	100	\$4,600	\$5,500	6.3	\$240	\$240
<i>Utility:</i>						
Middle South Utilities.....	150	5,400	6,900	7.9	270	270
<i>Electrical Equipment:</i>						
General Electric.....	100	6,100	7,000	8.0	200	200
<i>Paper:</i>						
Scott Paper.....	100	5,700	7,300	8.4	200	200
<i>Chemical:</i>						
Du Pont.....	30	5,280	5,970	6.9	180	180
<i>Other:</i>						
Procter & Gamble.....	100	\$ 5,700	\$ 7,600	8.7	\$200	\$200
TOTAL COMMON STOCKS:...		\$32,780	\$40,270	46.2	\$1,290	\$1,290
			Common stock yield—On mkt.	—	3.2%	3.2%
			—On cost	—	3.9%	3.9%
CASH.....	—	—	—	—	—	—
GRAND TOTALS.....		\$82,280	\$87,220	100.0	\$2,959	\$3,196
Total Percent Yield:						
			On Cost	On Mkt. Value		
			3.7%	3.5%		
			Anticipated	3.9%		

Therefore, this obligation is similar to a life insurance company contract which calls for a fixed dollar amount at maturity.

Earnings in excess of the actuarial rate can serve to reduce the employer contribution in funding the trust or might be used to provide increased retirement benefits for the employees on retirement by increasing the benefit formula.

The desire for a greater yield than that available from final income securities has been a contributing factor in the purchase of equities, as a difference of ½ of 1% in yield over a period of time can mean a difference of about 10% to 14% in cost of benefits under the average pension plan.

As a general rule, the yield is computed on the investments at cost, and the increase in market value or change in yield at the market has

no effect on the actuarial requirement except that net profit or loss on the sale of securities is reflected in the earnings of the fund.

It is conceded that the purchase of common stocks by employee benefit trusts has had more than a sustaining influence on the stock market and that equities have found an established place in these trusts, but sound investment principles should not be overlooked or lightly regarded, and the unusual strength in the stock market, even with the recent wide fluctuations, affords excellent opportunities to upgrade holdings.

With many investment quality common stocks yielding less than high grade bonds, a reappraisal of the respective merits of equities and fixed income securities in pension trusts would not be untimely, and

(CONTINUED ON PAGE 10)

How your bank can use Auto-typist: Solicit installment loans, personal loans, commercial loans; welcome new savings and commercial accounts; stimulate inactive savings and checking accounts; sell safe deposit boxes; welcome new stockholders; express appreciation for prompt payment of installment and commercial loans; solicit additional loans; solicit Christmas Club accounts as regular savings accounts. These are *all* typical uses for Auto-typist individually typed letters. . . . If you have a total of only 20 of these letters a day . . . you can save money with an Auto-typist. With an Auto-typist an average typist can produce 15 to 20 letters an hour.

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Original and Revised Portfolios—Answer "B"

for those trustees who have a preference for bonds over equities in these trusts the market has been very favorable.

Reports on business recovery continue to be optimistic and a steady improvement is evident in the economic situation.

ANSWER "A"

In reviewing the statement of the problem and the considerations discussed in the original answer, it appears that no changes are in order at the present time. A comparison of the current market value of the account with cost reveals that the corporate bonds were off 5.8%, which was more than offset by the improvement in stocks of 22.8%. The over-all result seems satisfactory in light of the objectives of the account, and while equities have increased to 46.2% of the total value of the account, it would not seem necessary to reduce this representation. However, in view of the relatively high price-earnings ratios and the low yields on commons, an increase in equities is not recommended.

In the last year, income amounted to \$2,959, and a part of this income together with principal cash on hand has been invested in \$5,000 Sears, Roebuck & Company 4¾%, 1983, at about 105. This issue produces a very satisfactory income return and is protected against refunding at a lower rate until 1963.

The attached schedule shows the securities in the account and the income return realized in the last year and anticipated for the ensuing one on a cost and market value basis.

ANSWER "B"

The principles involved in investing for a pension fund have not changed in the last year. It must be admitted, however, that the general action of the stock market and the rise in the prices of stocks we bought, up 22%, give us cause for reflection. We must remember, nevertheless, that we are buying for the long term and that our obligations are in dollars.

We do not recommend that any of the original funds be used at this time to add to the equities. When this year's addition is received, we

TYPES OF SECURITIES AND ISSUERS	Par Value or Shares			Annual Income		
	Total Held After	Change Since Last Rev.	Original Cost	Current Market Value	Realized Since Last Rev.	Anticipated Annual Income
	Rev.	Rev.	Cost	Value	Rev.	Income
\$5,000 U. S. Cfts. of Indebtedness, 3¾%, 12/1/58.....	—	\$5,000	\$ 5,037	—	\$ 187.50	—
\$5,000 U. S. Treas. Notes, 3¾%, 11/15/62	\$5,000	—	—	\$6,025	—	\$187.50
\$50,000 Corporates, medium to long....	50,000	—	50,000	49,000	1,875	1,875
First National City Bank of New York...	75	—	4,500	5,335	225	225
American Gas & Electric.....	100	—	3,900	4,900	160	168
Union Carbide.....	50	—	4,650	5,700	180	180
Standard Oil of New Jersey.....	80	—	3,920	4,560	120	120
General Electric.....	60	—	3,600	4,020	120	120
Owens Illinois Glass.....	60	—	3,480	4,920	150	150
CASH.....	—	—	1,000	975	—	—
	—	—	\$80,087	\$84,435	\$3,017.50	\$3,025.50
	Summary 1957		Summary 1956		Income Summary	
		%		%		
Bonds.....	55,037	68.75	54,025	64.00	3,017.50	yield 3.76%
Common Stock.....	24,050	30.00	29,435	35.00	3,025.50	yield 3.58%
Cash.....	1,000	1.25	975	1.00		
		100.00		100.00		

Suggested Changes

	Approximate			
	Market	Total	Income	
SELL				
\$5,000 U. S. Cfts. of Indebtedness 3¾% 12/1/58...	100	\$5,000	\$187.50	
CASH.....	—	1,000	—	
BUY				
\$5,000 U. S. Treas. Notes 3¾% 11/15/62.....	100½	5,025	187.50	
<hr/>				
<hr/>				
SUMMARY				
	Cost	%	Approx. Market	%
Bonds.....	\$51,800.00	64.75	\$51,612.50	59.89
Stocks.....	27,260.00	34.08	33,632.25	39.02
Cash.....	940.00	1.17	940.00	1.09
	<hr/>	<hr/>		
	\$80,000.00	100%	\$86,184.75	100%
Current annual yield.....	\$3,281.50		4.10%	

would plan to invest the available cash in the same ratios now prevailing: that is, 30% in equities and the balance in medium to long corporates for yield, retaining about \$6,000 in fairly short Governments and cash.

ANSWER "C"

A review of the assets in this trust does not indicate the need for any change, as we are satisfied with

the quality of the investments, the yield, and diversification.

The annual income has been \$2,962.50 for the first year, and, as the actuarial requirement is \$2,400 there are excess earnings of \$562.50, which may be applied to reduce employer contributions, pay trustee fee or any other incidental expense.

At market value there has been a net appreciation of \$6,450 or 8.21%, with bonds down \$2,400 and
(CONTINUED ON PAGE 12)



"So then U.S. Steel invested \$770 million in us"

An American baby is born every eight seconds—11,000 every day—4,000,000 a year. Our population will soon be over 200 million. And as our population grows, our production must grow. We'll need millions of new homes . . . new schools and hospitals . . . new highways to carry 75 million motor vehicles by 1970 . . . not to mention countless appliances and conveniences that haven't even been invented yet!

No temporary setback can stop the growing needs of our population. That's why United States Steel has gone ahead with expenditures totaling \$770 million to provide more and better steels for tomorrow's citizens. This is the practical way that we've demonstrated our faith in the future.

USS is a registered trademark



United States Steel

stocks up \$8,850, causing a change in the ratio of bonds and stocks at the market from the original ratio of 61.34% in bonds and 36.7% in stocks to 54.96% and 45.04%, respectively.

The investment of accumulated earnings and uninvested principal cash would be deferred until the next annual contribution is received.

For the purpose of this trust, the essential elements are safety of principal and minimum earning requirements to insure sound and conservative funding, but we consider equities appropriate and prudent investments for all pension and profit sharing trusts within certain limitations. The anticipated annual contribution of \$80,000 will afford excellent opportunities for dollar averaging, and, with proper spacing of bond maturities, we would be well prepared for the inevitable swings in the market, so that there will be no large scale investment problem at a time of adverse market action in either stocks or bonds. As past service liability is being funded over a 30-year period and total retirement requirements should not exceed 10% of the cash flow for the next 20 years, there would be no necessity to sell any securities in a depressed market in the foreseeable future.

ANSWER "D"

During the course of the past year there have been certain changes required in the original portfolio. On June 26, 1958, \$5,000 Federal National Mortgage Association 4½% Bonds matured. This short-term investment was made and the proceeds therefrom were used to supplement income that was necessary to service withdrawals. The Consolidated Edison Co. convertible debentures 4½% of 1972 were called for redemption. Rather than convert into common stock, the bonds were sold and the proceeds reinvested in a comparable convertible bond, \$5,000 Consumers Power 4½% convertible debentures due 1972 specifically. In June 1958, the Puget Sound Power & Light 6¼% bonds were called for redemption. The proceeds from this redemption were reinvested in \$5,000 U. S. Steel sinking fund 4% de-

(CONTINUED ON PAGE 14)

Review of Original Portfolio—Answer "C"

	Par Value or Shares		Current Market Value		Annual Income	
	Total Held After Revision	Original Cost of Holdings	Amount	Percent of Total Fund %	Realized Since Last Review	Anticipated in Coming Year
CORPORATE BONDS:						
American Telephone & Telegraph Co. Deb. 3½% due 7/1/90.....	\$10,000	\$ 9,950	\$ 9,350	10.5	\$387.50	\$387.50
General Electric Co. S. F. Deb. 3½% due 5/1/76.....	10,000	9,900	9,525	10.7	350.00	350.00
General Motors Acceptance Corp. Deb. 3½% due 9/1/75.....	10,000	9,700	9,250	10.3	362.50	362.50
Southern California Edison Co. 1st Mtge. 3½% due 4/15/81...	10,000	9,825	9,200	10.2	362.50	362.50
Superior Oil Co. S. F. Deb. 3½% due 7/1/81.....	10,000	9,700	9,350	10.4	375.00	375.00
		\$49,075	\$46,675	52.1	\$1,837.50	\$1,837.50
Bond yield—On mkt.	3.93%		—On cost	3.74%		
COMMON STOCKS:						
American Cyanamid Co.....	\$100	\$ 4,100	\$ 5,500.00	6.2%	\$160.00	\$160.00
General Electric Co.....	100	5,900	7,062.50	7.9	200.00	200.00
Standard Oil Co., (N. J.).....	100	4,900	5,825.00	6.5	225.00	225.00
Crown Zellerbach Corp.....	100	4,700	5,687.50	6.4	180.00	180.00
Texas Utilities Co.....	100	4,600	6,625.00	7.4	160.00	176.00
Procter & Gamble Co.....	100	5,200	7,550.00	8.4	200.00	200.00
		\$29,400	\$38,250.00	42.8	\$1,125.00	\$1,141.00
		\$78,475	\$84,925.00	94.9	\$2,962.50	\$2,978.50
Common stock yield—On mkt.	2.94%		—On cost	3.83%		
CASH.....	—	\$1,525	\$4,487.50	5.1		
GRAND TOTALS.....	—	\$80,000	\$89,412.50	100.0%		
Total percent yield:		On Cost	On Mkt. Value			
Realized		3.70%	3.31%			
Anticipated		3.72%	3.33%			

Comparative Review of Account—Answer "E"

		<i>Cost</i>	<i>Est. '58 Income</i>	<i>Approx. Market</i>	<i>Actual '58 Income</i>
BONDS					
\$10,000	American Telephone & Telegraph Co. 5%, 1983	\$10,800.00	\$500.00	\$10,800.00	\$500.00
10,000	Pacific Gas & Electric 4½%, 1986	10,700.00	450.00	10,300.00	450.00
10,000	Phillips Petroleum Conv. Deb. 4¼%, 1987	10,700.00	425.00	11,250.00	425.00
10,000	Southern Pacific Oregon Short Line, 4½%, 1977	9,500.00	450.00	9,562.50	450.00
10,000	World Bank, 4¼%, 1979	10,100.00	425.00	9,700.00	425.00
		<hr/> \$51,800.00	<hr/> \$2,250.00	<hr/> \$51,612.50	<hr/> \$2,250.00
STOCKS					
<i>Shares</i>					
100	Commonwealth Edison	\$4,275.00	\$200.00	\$5,175.00	\$200.00
*2	Commonwealth Edison	—	—	103.50	4.00
30	DuPont	5,310.00	195.00	5,910.00	180.00
50	Minneapolis Honeywell	4,050.00	87.50	6,750.00	87.50
150	Standard Oil of N. J.	7,425.00	337.50	8,793.75	360.00
100	Westinghouse Electric	6,200.00	200.00	6,900.00	200.00
		<hr/> \$27,260.00	<hr/> \$1,020.00	<hr/> \$33,632.25	<hr/> \$1,031.50

* Stock dividend received 9/22/58.

STATEMENT



OF CONDITION

At the Close of Business December 31, 1958, Date of Official Report of Condition Set By Comptroller of the Currency

Directors and Advisory Directors

CLAUDE G. ADAMS* Vice President, Bozell International Airways	C. A. MANGOLD, JR.* Investments
NATHAN ADAMS* Honorary Chairman of the Board	ERLENN MANNING Chairman, Executive Committee
JOE AGEE* Senior Vice President	A. D. MARTIN President, Central Engineering and Supply Co.
GEORGE N. ALDREDGE* Chairman, Loan Committee	HARRY S. MOSS Independent Oil Operator
H. W. BASS Chairman of the Board, Henry Bass Drilling Co.	WILLIAM F. NEALE President, William F. Neale & Co.
HENRY C. COKE, JR. Coke & Coke, Attorneys	J. B. O'HARA Chairman of the Board, Dr Pepper Co.
ROSSER J. COKE Coke & Coke, Attorneys	HYMAN PEARLSTONE President, Higginbotham-Pearlstone Hardware Co.
CARR P. COLLINS Chairman of the Board, Fidelity Union Life Insurance Co.	G. U. PICKERING* President, Vitic Battery Co., Inc.
J. B. DONOVAN* President, Donovan Manufacturing Co.	H. NEVILLE PIERCE* President, Southern Fertilizer & Chemical Co.
EARL FAIR* Investments	N. P. POWELL Oil and Investments, Tyler, Texas
HANS C. GLITSCH President, Fritz W. Glitsch & Sons, Inc.	W. L. PREHN* Consultant, Brazilian Telephone Co., Rio de Janeiro, Brazil
R. A. GOODSON Vice President and General Manager, Southwestern Bell Telephone Co., Texas Area	HUGO W. SCHOELLKOPF* Chairman of the Board, The Schoellkopf Co.
W. A. GREEN, JR.* Investments	J. FRED SCHOELLKOPF, JR. Investments
S. J. HAY President, Great National Life Insurance Co.	E. E. SHELTON Chairman of the Board, Dallas Federal Savings & Loan Association
JOHN T. HIGGINBOTHAM Chairman of the Board, Higginbotham-Bailly Co.	R. H. STEWART, JR. Investments
JOSEPH L. HIGGINBOTHAM* Vice President, Higginbotham-Bailly Co.	J. C. TENISON* Investments
ROY W. HILL* President, Radio City Distributing Co.	ROGER L. TENNANT* Investments
ERNEST HUNDLAGE* Manager, Southern Division, United Benefit Life Insurance Company and Mutual Benefit Health and Accident Association	ARCH S. UNDERWOOD* President, Union Compress & Warehouse Co., Lubbock, Texas
T. E. JACKSON Southwestern Manager, Pittsburgh Plate Glass Co.	JACK C. VAUGHN* Oil Producer and Co-Owner, Spartan Drilling Co.
JOHN J. KETTLER Senior Vice President	TRAVIS T. WALLACE* President, Great American Reserve Insurance Co.
LOUIE KIMBLE* President, Dixie Wax Paper Co.	ROBERT F. WEICHSEL* Vice President and Treasurer, Great National Life Insurance Co.
ERNEST L. KURTH* President, Southland Paper Mills, Lufkin, Texas	JAMES RALPH WOOD President, Southwestern Life Insurance Co.
WALTER W. LECHNER* Oil Production	BEN H. WOOTEN President
EUGENE McELVANEY Senior Vice President	TODDIE LEE WYNNE Vice President, Robert E. McKee General Contractor, Inc., American Liberty Oil Co.

*Advisory Directors

ASSETS

Cash on Hand and Due from Banks	\$335,324,109.49	
United States Government Obligations	\$123,616,578.05	
Public Housing Authority Obligations (Fully Guaranteed)	5,336,678.27	
State, County and Municipal Bonds	29,603,294.52	158,556,550.84
Other Bonds		5,454,855.62
Stock in Federal Reserve Bank		1,533,000.00
Loans and Discounts		435,058,197.60
Commodity Loans		11,227,298.21
Income Accrued		3,717,030.08
Letters of Credit and Acceptances		7,698,936.25
Banking House and Equipment		8,820,759.61
Other Assets		247,019.15
		<u>\$967,637,756.85</u>

LIABILITIES

*Capital Stock	\$ 23,100,000.00	
*Surplus Fund	28,000,000.00	
Undivided Profits	6,824,494.65	\$ 57,924,494.65
Reserved for Contingencies		8,830,333.15
Reserved for Taxes, Etc.		5,702,737.08
Deferred Income		2,319,023.03
Letters of Credit and Acceptances		7,698,936.25

DEPOSITS:

Individual	\$623,999,998.26	
Banks	246,607,274.74	
U. S. Government	14,554,959.69	885,162,232.69
		<u>\$967,637,756.85</u>

**Stockholders have already provided funds whereby capital and surplus will be increased to \$60,000,000, effective upon approval of the Comptroller of Currency.*

83 Years of Dependable Correspondent Service

We are abidingly grateful
to our many friends for
making our 83rd year
our greatest.

Ben Wooten
PRESIDENT



NATIONAL BANK
in Dallas



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Original and Revised Portfolio Answer "D"

bentures of 1983. The only transactions in the equity portion of the portfolio were a stock dividend on National Life and Accident Insurance Co. of 20% and a 2 for 1 split on Food Machinery & Chemical.

Although there was a slight reduction in income in the reinvestment of Puget Sound Power & Light and the redemption of the FNMA, the increased dividends in the stock portion were such that income was maintained at the approximate same annual rate.

It is believed that at this time it is not necessary to change the overall equity format. The only suggestion would be to sell 10 shares of Great Atlantic & Pacific Tea common. This stock has doubled in this period and it would appear appropriate to utilize the money more effectively at this time. I would suggest the purchase of an additional 40 shares of Standard Oil Co. of New Jersey to round the holding to 100 shares. The balance of the funds would be added to utilities which seem to offer growth potential. Specifically, the purchase of 60 shares of Middle South Utilities common, the annual income to be increased in the process.

ANSWER "E"

A review of this account for the past year evidences an appreciation of \$6,184.75, or approximately 7.73%. This increase is reflected in the stock holdings, as the reserve fund account has been more or less static during the year.

Under the facts as submitted, the annual contribution has not yet been received, nor has the trustee made any purchase of bank stock during the period.

It is our feeling, in the instance of a pension trust, that the investment policy adopted should be more conservative than one for a profit-sharing trust. Retired employees are depending upon their payments as a primary source for their support.

It was our original investment policy, inasmuch as the current requirements of the trust were nominal, that roughly 65% should be invested in fixed-term obligations and 35% in equities. The ratio for the stock account is now increased to 39% and the bond account decreased to 60%. Nevertheless, in

		Market Original	Value	Market 12/58	Value	(Est.) Income
BONDS						
\$5,000	Federal National Mortgage Association, 4½%, 6/26/58.....	100½	\$ 5,025	—	—	—
15,000	Federal National Mortgage Association, 4½%, 1965.....	103	15,450	101	\$15,150	\$ 656.25
5,000	Consolidated Edison of New York Conv. Deb. 4½%, 1972.....	109	5,450	—	—	—
5,000	El Paso Natural Gas Conv. Deb. 5¼%, 1977.....	105¼	5,262.50	123	6,150	262.50
5,000	Phillips Petroleum Conv. Deb. 4¼%, 1987.....	105½	5,275	117	5,850	212.50
5,000	Puget Sound Power & Light 1st Mtge. 6¼%, 1987.....	110	5,500	—	—	—
5,000	Chelan Public Utility District No. 1 Rocky Beach Hydro-Electric Rev. 5%, 2013.....	100	5,000	108	5,400	250.00
		—	46,962.50	—	32,550	—
MATURED		Market	Value			
\$5,000	Federal National Mortgage Association, 4½%, 6/26/58 (funds used for payment).....	100	5,000			
CALLED						
\$5,000	Consolidated Edison of New York Conv. Deb. 4½%, 1972 (sold 9/58).....	118	5,900			
5,000	Puget Sound Power & Light 1st Mtge. 6¼%, 1987 (redeemed 6/58).....	110½	5,525			
PURCHASED						
\$5,000	United States Steel Corp. S. F. Debts. 4%, 1983 (Bot 7/58)....	100½	\$ 5,025	99	\$ 4,950	\$ 200
5,000	Consumers Power Co. Conv. Deb. 4½%, 1972 (Bot 9/58).....	115	5,750	120	6,000	231.25
					\$43,500	\$1,812.50
		Market Original	Original Value	Market 12/58	Current Value	(Est.) Current Income
STOCKS						
SHARES						
400	Atchison, Topeka & Santa Fe, 5%, (\$10 par) Preferred.....	9¼	\$ 3,650	9½	\$ 3,950	\$ 200
40	Travelers Insurance (Div. \$1.10).....	72	2,880	96	3,840	44
40*	National Life & Accident of Nashville (Div. \$.60).....	76.7 (adj)	3,680	111	5,328	28.80
50	Florida Power & Light (Div. \$1.64).....	53	2,650	89	4,450	82
10	Great Atlantic & Pacific Tea (Div. \$.80).....	235	2,350	500	5,000	80
60	Standard Oil Co. (N. J.) (Div. \$2.40).....	49	2,940	58	3,480	144
120**	Food Machinery & Chemical (Div. \$1.20).....	23½ (adj)	2,820	44	5,280	144
10	International Business Machines (Div. \$2.60 + stk).....	300	3,000	475	4,750	26
50	Lily-Tulip Cup (Div. \$1.80).....	58	2,900	88	4,400	90
45	(Eli) Lilly (Div. \$2.00).....	68	3,060	87	3,915	90
125	Virginia Electric & Power (Div. \$1.10).....	24	3,000	37	4,625	137.50
			\$32,930		\$49,018	\$1,066.30
* Acquired 8 shares from 20% stock dividend.						
** Acquired 60 shares from 2 for 1 stock split.						
RECAPITULATION: Bonds.....		—	\$46,962.50	—	\$43,500	\$1,812.50
Stocks.....		—	32,930.00	—	49,018	1,066.30
Cash.....		—	107.50	—	757.50	—
TOTAL...		—	\$80,000.00	—	\$93,275.50	\$2,878.80

view of the near term uncertainties we would favor the retention of all of the securities held in the account with no suggested sales or purchases to be made at this time.

For investment of new funds that

would be coming into the hands of the trustee, we would recommend a substantial commitment of fixed-term obligations, in view of the favorable yields now available on bond purchases.



"...splendid services, broad coverages for our operation"

Norville M. Anderson

Senior Vice President, First National Bank of Pueblo, Colo.

"When I joined the staff of the First National Bank of Pueblo, there was no hesitation on my part in selecting the Central National Insurance Companies of Omaha for our new installment loan department.

"My selection was based on prior knowledge of Central National's "know-how" in the insurance field. The splendid services and broad coverages characteristic of Central National policies have contributed materially to the success of our particular operation."

**THE
CENTRAL NATIONAL
INSURANCE COMPANIES**

**Central National Bldg.
OMAHA, NEBRASKA**

One of a series by the Company whose success depends on proprietor success.

*Frank P. Downey
Vice President,
American Machine &
Foundry Company*



Some facts of life in the bowling business

"Not all of the new capital going into bowling today is informed capital. Unless new investors know what they are doing, they are going to get hurt and in hurting themselves they could hurt the industry."

"What the bowling industry needs right now is someone to point out to investors the facts of life in the bowling business, not just the opportunities that still exist, but also the dangers to be avoided. AMF is undertaking this job."

Through its leasing of Automatic Pinspotters, AMF has compiled statistical information which shows that four elements are essential for the successful operation of a bowling center. Reports from nearly 40,000 bowling lanes prove that one of these vital elements is the selection of a suitable location.

The bowling center should be located in an area where a minimum of 1,000 population per lane is within the general shopping area of each

existing and proposed establishment.

The bowling center should be at least two miles from any existing or proposed center. Exceptions to this rule can be made only when a detailed analysis has proved that a definite need for additional lanes exists. In such cases the population of the shopping area should be well in excess of 1,000 per lane for all existing and proposed establishments.

The other three important elements essential for the successful operation of a bowling center are: 1) *Competent Management*. Successful business experience is a prerequisite to successful operation. 2) *Proper Financing*. The proprietor should have a minimum of 25% equity in the bowling equipment. 3) *Modern Equipment*, two words synonymous with AMF Automatic Pinspotters and AMF's complete line of bowling equipment. The results of AMF's research on these three topics will be discussed in detail in future advertisements in this series.

In this series of advertisements, AMF has undertaken the task of educating new investors for their own protection and that of the entire bowling industry. There is an imperative need in the bowling industry for a reliable source of information for would-be investors.

AMF and its Franchised Dealers are actively seeking new locations and individuals meeting the requirements described above. Financial institutions contemplating the advancement

of mortgage money for new bowling centers are urged to communicate with AMF for reliable information.

Since AMF leases Automatic Pinspotters, the prosperity of each AMF-equipped center is of continuing, vital concern to the Company. This fact is a tremendous added safeguard from which proprietors and lending institutions alike can benefit.

AMF PINSPOTTERS INC.

Subsidiary of AMERICAN MACHINE & FOUNDRY COMPANY
AMF Building • 261 Madison Avenue, New York 16, N. Y.

BOWL WHERE YOU SEE THE



Be sure to see "Bowling Stars" every week on ABC-TV, sponsored by your "Magic Triangle" proprietor in cooperation with AMF.

GOVERNMENT BONDS

Market Has Long-term Jitters . . . Continued Demand for Treasury Bills . . . Treasury Cash Financing . . . Treasury Refunding to Come . . . Open Market Committee Tightens the Reins . . . Bank Loans Increase . . . Outlook

MURRAY OLYPHANT

THE general consensus of various groups of economists—as reported in the news earlier this year—seemed to be that improvement in business volume should continue during the rest of 1959. The majority, however, appeared to pull their punches by emphasizing that such improvement would be moderate. No burst of speed was anticipated. Attention was called to some “soft-spots” but these, in turn, were offset by hoped-for real improvement in other lines.

It was recognized that technological progress has so increased efficiency of output that little betterment in unemployment could be expected. Nevertheless, personal income figures continued to rise. Whether the consumer would or would not spend his income freely remained to be seen.

While governmental expenditures, both Federal and state, are expected to continue at a high level and will need new financing, it is thought that the capital requirements of industry in general may show some shrinkage, so that perhaps there might be somewhat less competition in the bond market from other than Government issues. Such competition was one factor which, during 1958, was quite clearly effective in lessening the demand from investors for the longer-term Government obligations: witness the substantial increase in bank holdings of “other” issues (largely tax free) during 1958. These rose from just less than \$23-billion on December 31, 1957, to about \$26¼-billion on October 29, 1958, and, since then, haven’t risen further.

There is, however, little reason for cheering over any prospect for a bull

market for Government bonds. Remarks by the chairman of the Board of Governors of the Federal Reserve System clearly implied that that body was determined to do all in its power to deter further inflation of the money supply and would maintain a tight rein on credit. Interest rates showed no sign of easing. Hence it was not surprising that quotations for Government bonds were marked down again during December.

Market Has Long-term Jitters

In addition to the factors outlined previously, the impression was strengthened that early this year the Treasury would sell a long-term bond with a maturity of not less than 10 years and probably considerably longer.

With this prospect of a new long-term issue, which would have to be made attractive in relation to already outstanding issues, dealers quite naturally lowered their quotations whenever sellers made their appearance. Had there been any real volume of offerings, the price decline would certainly have been greater, but trading throughout the month was at a very low ebb.

For December, declines of from 1½ to about 2½ points were recorded, while the drop from prices at the beginning of the year ranged between 7 and 9 points. This was true of the issues maturing in from 10 to 37 years. At the yearend only two issues had bids of par or more and all but three could have been bought below 100. After the first of this year, further declines were registered, and by January 6 available

yields from the longer bonds were moving toward a 4% “before tax” basis. For example:

3½%, 2/15/90	3.92%
3%, 2/15/64	3.97%
2½%, 3/15/71/66	3.90%
2⅝%, 2/15/65	3.97%

At this point dealer sentiment was said to be that prices had pretty well discounted the threat of the new Treasury offering, but this feeling was not accompanied by any willingness among dealers to increase their positions, nor was there any evidence of a desire to buy by others. Everyone seemed determined to wait until the Treasury had decided what, how much, and at what rate to offer.

Continued Demand for Bills

While the longer-term Government issues were obviously in disfavor, the demand for the short-term—especially the Treasury bills—remained constant.

Beginning on December 8, \$1.6-billion of 91-day and \$400,000,000 of 182-day bills were offered weekly. As the maturities were each for \$1.8-billion, the Treasury added \$1-billion new cash over the 5-week period through January 5. The record of these offerings is shown in the table on page 20.

The average spread in yield between the 3-month and 6-month bills was only a little over ¼ of 1% and the demand from corporations and other than banks was well maintained in spite of the fact that December 15 was a date for the payment of corporate income taxes.

In confirmation of this demand, note that during the period covered bill holdings of the Federal Reserve (CONTINUED ON PAGE 20)



UNEQUALLED ECONOMY! The Royal Electric's amazing speed of course means increased production. And Royal's unexcelled reliability means minimum service costs!

MATCHLESS REPRODUCTION! No heavy characters, no faint, fuzzy ones. You get the sharpest, most perfectly aligned work ever to come out of a typewriter!

WIDEST TYPE CHOICE! Choose from 74 distinctive Royal type faces. There's one to reflect the character of your business.

EASIEST TO OPERATE! Convenience features like exclusive Magic® Margin and Twin-Pak®, the instant-changing ribbon fingers never touch, save time, cut typing fatigue to a minimum. Call your Royal Representative for a demonstration and free trial. Your old typewriters are worth plenty in trade.

*CENTURY BOLD, one of 74 Royal type styles.



There are more Royal Typewriters in office use than any other make.

the business-minded **ROYAL®** *electric*

Product of Royal McBee Corporation, World's Largest Manufacturer of Typewriters.

(CONTINUED FROM PAGE 18)

portfolio rose only about \$131,000,000, while the holdings of the reporting member banks fell by about \$182,000,000.

Eight more weekly issues of the same nature were planned. From these the Treasury would have received \$1.6-billion more. However, the new cash financing came to a halt after \$1.2-billion had been raised.

Treasury Cash Financing

On January 8 the Treasury announced the details, which were \$750,000,000 of 4% bonds due in 21 years and offered at 99 to yield about 4.07%, and \$2½-billion of 3¼% notes due May 15, 1960, and offered at 99¾ to yield 3.45%.

Subscriptions for the bonds required a 15% downpayment but could be paid for in instalments: 25% on January 23, February 24, March 23, and April 23, if the subscriptions came from insurance companies, savings banks, pension funds, etc. Subscriptions of \$25,000 or less were allotted in full.

The total of \$3¼-billion was larger than had been anticipated, but the Treasury stated that this would cover cash requirements until April, when more might be needed. What was obvious was that the Treasury wanted to be sure to have enough to care for cash attrition on the next refunding.

The offer of three-quarters of a billion dollars of 21-year bonds was probably tied to the result of prior conferences with representatives of the investment groups as was the provision for instalment payments. This group should, and probably will, get preferential treatment in its allotments.

The note issue was routine. A yield of 3.45% for 1½ years was excellent bank fodder. Moreover the usual payment by banks by credit to Treasury tax and loan accounts assured a heavy oversubscription.

It seemed certain that the 4.07% yield on the 21-year, 4% bonds would result in their selling at a good premium. In fact early market reaction seemed to threaten the possible renewal of speculative excesses somewhat similar, but on a lesser scale, than was the case when the 2½% bonds, 2/15/65, were offered.

The offer of the 21-year bonds was just a token bow to the notion that the average maturity of the debt

must be lengthened. The \$750,000,000 bonds really have almost no effect on the average maturity and it will be some time before any real progress can be made. It is open to question that lengthening of the maturity is really necessary.

Treasury Refinancing

About \$9.8-billion in 2½% certificates and \$5.1-billion in 1⅞% notes mature in mid-February. Of this total only about \$4.1-billion are owned by the Federal Reserve banks. Hence, whatever is offered in exchange must be made attractive to avoid undue attrition.

This would seem to assure that the bulk of the exchange offerings would be issues of quite short maturity. It is very probable that a package offering of two or three different maturities will be made available, and it's possible that a bond running between five and 12 years might be included. It is, however, a reasonable assumption that nothing longer than five years would be taken in any worthwhile quantity. The Treasury should give up this long-term notion.

Reins Tightened by Open Market Committee

All during December the OMC was taking on some repurchase agreements, but not in very large amounts, as the bulk of such agreements made by dealers go elsewhere.

Nevertheless the Federal portfolio rose only \$215,000,000 from December 3 to December 30, although the drain on member bank reserves resulting from an increase in circulation and a decline in the gold stock was about \$492,000,000. However, the banks were helped to maintain their reserve positions by a sharp rise in the float which went to almost \$2-billion by December 23 and averaged nearly \$1½-billion for the month.

As mid-month loans by the banks to corporations for tax purposes

Weekly Bill Offerings

Offered On	91-Day Bills Average Cost	182-Day Bills Average Cost	Spread in Yield
December 8	2.805%	3.082%	.28%
December 15	2.904%	3.095%	.19%
December 22	2.739%	3.017%	.29%
December 29	2.690%	2.920%	.23%
January 5	2.678%	2.959%	.28%

were larger than expected, bank reserves were fully used so that for the month, on the average, a "negative" reserve position of about \$70,000,000 had been recorded.

It seems pretty well demonstrated that the operations of the OMC are now intended to avoid the reappearance of "positive" reserves of any size. Should a return flow of circulation materially ease the reserve position of the banks the OMC could be expected to dispose of some of its bill holdings. Its hold on the credit reins is pretty sure to remain firm.

Outlook

On the assumption that the rise in business activity carries through 1959, there should be a continued demand for bank loans. Interest rates will, as they have right along, primarily reflect general business conditions with some, probably temporary, variations due to Treasury debt financing and Federal Reserve policies.

It is hard to find any reason to believe that the supply of funds for investment in the longer-term Government bonds will increase. The demand for loans will keep the banks rather fully loaned up. Investment institutions and funds might add somewhat to their Government holdings, but not to any great extent while other investments and mortgages at better rates are still available.

While the Federal Reserve authorities will assist the Treasury during financing operations, their basic policy is sure to continue to be anti-inflationary. Reserves in the banking system will be held to a minimum.

Although the price declines at the turn of the year perhaps discounted the effect of the Treasury offering of a new long-term bond, just what would cause a rise in prices is not visible to the naked eye. A period during which rather minor price changes take place seems to be the immediate outlook.

What's New in Coin Banks?

Here's Banthrico's BRAND-NEW

\$UMSHINE Bank

ACTUAL SIZE SHOWN

4 1/8" long,

2 3/8" high,

2 3/8" deep

A GLEAMING, GOLDEN COIN SAVER WITH SIX VISIBLE COMPARTMENTS FOR ALL SILVER COINS!

Here it is . . . a delightful new coin bank by Banthrico that has everything! A striking combination of shimmering gold and water-clear styron provides eye-appeal that is beyond comparison. And what savings appeal! Each compartment has a tamper-proof coin slot and is calibrated to show total amount saved at a glance. Time consuming coin counting and sorting is virtually eliminated, too — since the SUMSHINE BANK holds a flat amount in coin (\$24.00) when filled. A simple, key-locking plate in the bottom guarantees speedy, trouble-free handling. This is it . . . the systematic coin bank that lends glamor and incentive to any savings promotion. Expect shining results—and get them with the SUMSHINE BANK. ORDER NOW — you'll be glad you did!

LOWEST PRICES SHINE OUT, TOO!

Prices include imprinting and key for each bank!

QUANTITY	150	300	500	1000	2500
EACH	1.20	1.15	1.10	1.03	1.00

f.o.b. factory. Prices subject to change without notice.

When less than 150 banks are ordered, 150-lot price applies, but additional handling charge of \$9.75 is made. Imprinting in standard type faces. Special artwork charged for at actual cost.

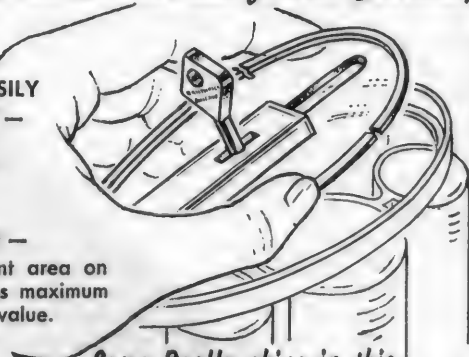
FREE AD MATS, COUNTER AND WINDOW DISPLAYS WITH ALL ORDERS, ON REQUEST.



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OPENS EASILY WITH KEY —
snaps shut without key

IMPRINTED —
large imprint area on top provides maximum advertising value.



Sums Really shine in this eye-appealing, Save-inviting Coin Bank

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The Investment Markets

THIS year's outlook for the investment markets is excellent. New business looks promising. Many bond issues were approved by voters in last year's elections. In due course, they will be processed and marketed.

Tax-exempts will probably again be star performers, as they were in 1958. There is the general expectation that something has been learned from the unhealthy bond market surprises of 1958 with their sharp price fluctuations. Thus, it is felt greater stability will prevail this year.

Last Year's Showing

So far as volume is concerned, 1958 was a good year for the investment markets. Most underwriters got their fair share of profits, too. New 1958 bond flotations totaled \$17,046,562,000. This compared with \$17,148,913,000 in 1957 and \$12,361,216,000 in 1956. (These are *New York Times* figures which do not necessarily gibe with statistics compiled by other groups.)

The lion's share in the bond underwriting markets was provided by the state and municipal sector. Out of the total, it accounted for \$8,104,203,000 in 1958, for \$7,113,196,000 in 1957.

Equity financing was also very active last year. New stock offerings of \$696,384,000 represented 93 issues. This compares with \$642,384,000 in 1957 (131 flotations).

Again, as in previous years, the utilities led. Their share in 1958 was \$545,671,000, against \$373,278,000 in 1957.

The Stock Market

In recent weeks investors again and again have placed higher appraisals on common stocks. The president of the New York Stock Exchange explained, not so long ago, that higher prices seemed to be motivated by fears of inflation and, judged by past performance, on the assumption that sweeping Democratic Congressional victories would automatically mean additional welfare state proposals.

H. EUGENE DICKHUTH

But there are still a lot of uncertainties. These include the rate of Government spending for goods and services for military and other purposes; the probable, or possible, rate of factory unemployment; the status of agriculture; the spending for capital investments for machinery and equipment by business and industry.

At any rate, the atmosphere in Wall Street today is bullish. A year ago the recession was on everyone's minds and lips, and spirits were sagging. One basic element in the equity markets has to be reckoned with. That is the growing list of stockholders and the growing list of mutual fund shareholders. It makes for increasing trading volume. The share turnover in 1958 was the highest since 1930. This year may even top 1958.

The Steel Industry

The state of business in these United States is often measured by the state of well-being of the steel industry.

Labor contracts are up for renewal this year and a steel strike is expected. "Steel management will face its Waterloo in its bout with labor," writes Tom Campbell, editor-in-chief of *Iron Age*, in the January issue of *The Exchange*.

The chances now are that in the first quarter the steel ingot rate might rise slightly to 80% of capacity. Another boost to about 85% to 90% of capacity is expected by the experts in the second quarter, which will coincide with the expiration of the labor contracts.

Thus, the forecasts are now that, in the third quarter, the average rate of production may be as low as 50% of capacity.

In the event of a long strike, which is favored by the odds at this writing, steel output in the final quarter of the year is likely to reflect pent-up demand by a production rate of between 95% and 100% of capacity.

In either event, it will be a good year for steel, although competition will be tough. More than 110,000,000 tons of steel are expected to be poured in 1959, possibly 115,000,000 tons. This would make it the third best year in steel history.

The three greatest customers of the steel industry are construction, which is going at boom pace, the railroads, and the automotive industry. If the railroads get back on their feet financially, there will be more orders for new cars, rail, and track accessories. Otherwise, spending may be confined to only absolutely necessary replacements.

The behavior of auto sales is another big question mark. The pessimists talk of 5,000,000 cars this year, or less. Moderates consider 5,500,000 more likely, while optimists talk of 6,000,000 cars.

As to industry profits, earnings this year are likely to be somewhat better, particularly if the steel rate gets into the 90s.

World Commodities

Raw products in all parts of the world, the real wealth from which our prosperity stems, is an important part of the investment markets. It's feast or famine, depending on which country or which commodity is concerned.

One project to equalize the world flow of commodities has been discussed for some time. It is likely to be presented again this year to Washington.

It concerns the establishment of a privately owned World Commodity Bank. Its capital would consist of a few million dollars and of the inventories of all surplus commodities in the western world. Shares in the bank would be issued to governments for the value of their surplus inventories.

Innumerable examples have been cited to make this a long-run workable proposition, according to the sponsors. In some instances, barter would have to be employed, in others, investment in foreign countries may have to be made to employ currencies profitably. [END]



LEFT: *The Spirit of Detroit*, an impressive bronze creation by sculptor Marshall M. Fredericks, recently made the long trip from Norway up the St. Lawrence Seaway to preside over Detroit's new Civic Center.



STATEMENT OF CONDITION AS OF DECEMBER 31, 1958

RESOURCES

Cash and Due from Banks.....	\$156,777,023
United States Government Obligations.....	346,225,378
State and Municipal Securities.....	99,845,018
Corporate and Other Securities.....	671,861
Loans and Discounts.....	195,799,885
Real Estate Loans.....	140,504,711
Total Loans.....	\$336,304,596
Other Real Estate.....	9,439
Federal Reserve Bank Stock.....	1,631,400
Bank Properties and Equipment.....	8,577,825
Accrued Interest and Prepaid Expenses.....	4,562,754
Customers Liability on Letters of Credit.....	171,699
Other Assets.....	162,610
Total.....	\$954,939,603

LIABILITIES

Demand Deposits:	
Individuals, Corporations and Others.....	\$458,628,131
U. S. Government.....	12,795,773
Other Public Funds.....	26,793,863
	\$498,217,767
Savings and Time Deposits.....	370,698,546
Total Deposits.....	\$868,916,313
Unearned Interest.....	4,418,844
Accrued Expenses and Taxes.....	5,871,927
Liability on Letters of Credit.....	171,699
Other Liabilities.....	398,628
Capital Stock (\$10.00 par value).....	18,378,500
Surplus.....	42,000,000
Undivided Profits.....	10,096,214
General Reserves.....	4,687,478
Total Capital Accounts.....	\$ 75,162,192
Total.....	\$954,939,603

United States Government Securities in the foregoing statement with a par value of \$72,535,000 are pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$3,832,320.

Service Responsibility Experience

As the oldest bank in Michigan with 109 years of continuous service, The Detroit Bank and Trust Company offers many important advantages to individuals, industries, and institutions in the broad scope of its services—developed through unequalled experience and a policy of sound banking and trust practices.

For banking at its best, take advantage of the spirit of service, the sense of responsibility, the experience of The Detroit Bank and Trust Company.

THE DETROIT BANK & TRUST COMPANY

MEMBER FDIC

***** Heard Along Main Street *****

This department is compiled by
MARGUERITE BECK of BANKING.

For space reasons, BANKING regrets that it must arbitrarily limit, in any one issue, the number of items used covering important personnel changes in the banks of the country. Many must be held over.

About People

HARRY H. HOWARD, board chairman, New Britain (Conn.) Trust Co., retires after 38 years with that bank. MR. HOWARD was president of the Connecticut Bankers Association.

SENATOR WALTER J. MAHONEY, temporary president and majority leader of N. Y. State Senate, becomes executive committee chairman, City Title and Insurance Co., New York City.

CHARLES E. THWAITE, JR., from president to board chairman, Trust Co. of Georgia, Atlanta, succeeding JOHN A. SIBLEY, who becomes executive committee chairman. WILLIAM S. WOODS, from executive vice-president to board vice-chairman; GEORGE S. CRAFT, senior vice-president, becomes president and a director. JOSEPH K. HEYMAN becomes senior vice-president.

R. CROSBY KEMPER, JR., becomes president, City National Bank and Trust Co., succeeding his father, A.B.A. Credit Policy Commission member RUFUS CROSBY KEMPER, who becomes board chairman. The new bank president is 31.

OVETA CULP HOBBY, former U. S. Secretary of Health, Education and Welfare, resigns as board chairman, Bank of Texas, Houston; GEORGE A. BUTLER, former vice-chairman, succeeds MRS. HOBBY.

(CONTINUED ON PAGE 28)

Prominent New Jersey Banker Dies

GEORGE KNOWLES LARGE, a prominent eastern banker and civic leader, died at his home near Flemington, N. J. He was 79 years old.

As president of the Hunterdon County National Bank of Flemington, Judge LARGE was register agent and special counsel for more than 100 of the country's leading industrial concerns.

George Knowles
Large



came in a sense the stockholder's capital of the country and was the scene of many important annual corporate meetings.

Judge LARGE was also a distinguished member of the legal profession and served in numerous important posts of public service and responsibility. The terms of his will provide for the continuance of his extensive benefactions to hospitals, colleges, and other institutions.

New Illinois Bank Joins A.B.A.



Wendell B. Trenchard, president, DeLand (Ill.) State Bank and A.B.A. regional vice-president, center, presents an American Bankers Association emblem to William E. Cornelius, left, president of newly organized Bank of Park Ridge, Ill., shortly after the bank's grand opening. Edward B. Wilkinson, executive vice-president of the new member bank, looks on at the right



an idea is one thing the solution another

Five hundred years ago Leonardo da Vinci drew plans for an airplane. Da Vinci's thinking was so far ahead of the technical skills available to him that mankind spent nearly five centuries achieving truly successful and commercially practical applications of his ideas.

Today, the solution must quickly follow an idea. Old Republic's dynamic approach to insurance problems comes from a positive interest in new ideas, practical solutions to these ideas and quick action to put them into practice.

Our Special Risks Division has supplied the solution to many new insurance ideas. It is always ready to explore others.

The experienced, highly trained staff of our Credit Life Division has designed special coverages for commercial banks, sales and consumer finance companies, savings and loan institutions, mutual funds, farm credit agencies and credit unions.

Our Ordinary Life Division offers a complete portfolio of policies to meet the needs of any client or any general agency.

We welcome your inquiries and suggestions.

Old Republic

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ANSWER AFTER ANSWER
TO BANKING'S NEED
FOR BETTER ACCOUNTING**



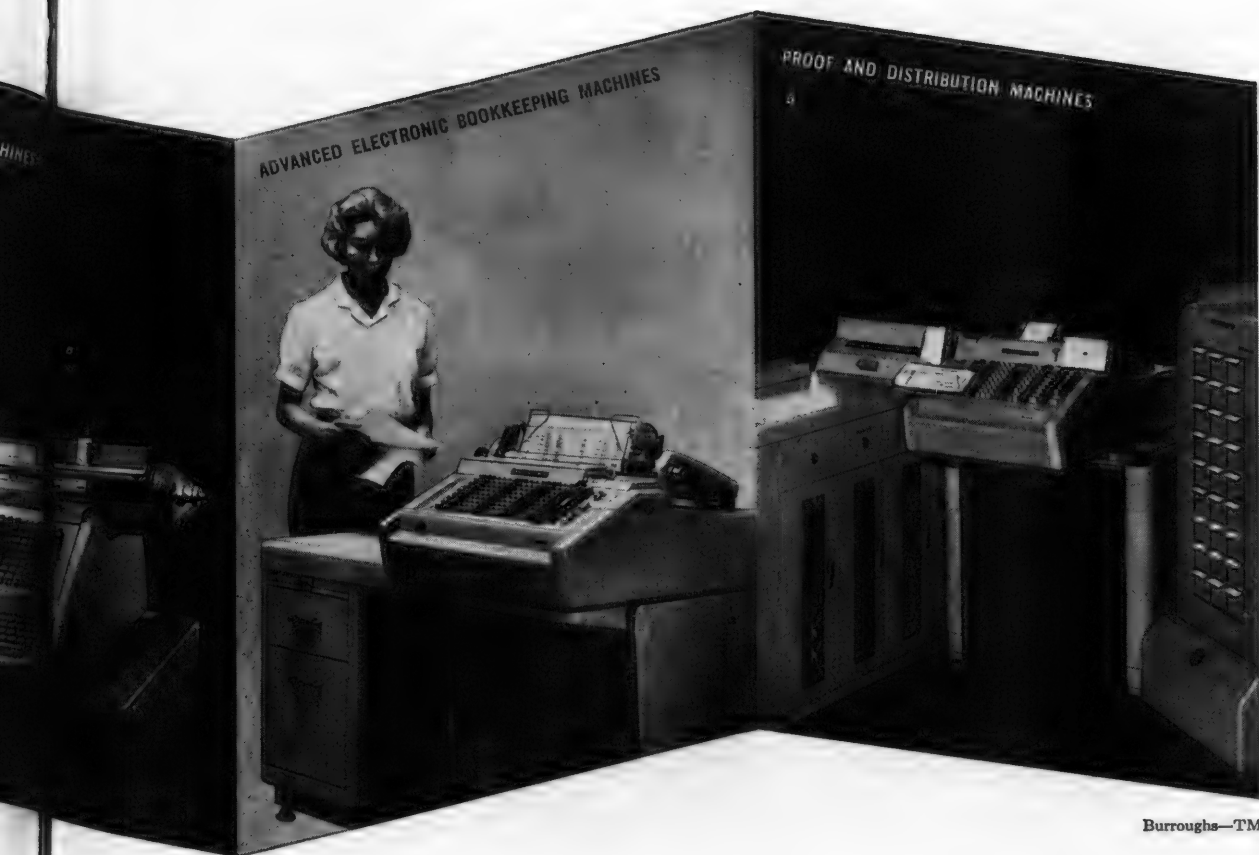
About that bank accounting, data processing or figuring problem you're up against.

There's Burroughs equipment, backed by Burroughs day-in, day-out competence in the banking field, to whip things into a faster, more efficient operation fast.

The equipment extends all the way from top quality adding machines to advanced giant electronic computer systems.

The banking competence extends all the way from 1886 to the present.

Talk over your problem with the people at our nearby branch office. Have them show you the solution. Burroughs Corporation, Burroughs Division, Detroit 32, Mich.



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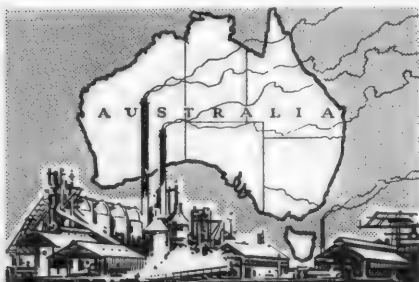


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United States investment in Australian industry already totals over 500 million dollars. With its rapidly expanding local market and proximity to South-East Asian markets, Australia continues to provide opportunities for industries.



If you are interested in Australia and require industrial, economic, or market information, you are invited to use the comprehensive facilities of the Bank of New South Wales, the oldest and largest commercial bank operating in Australia, New Zealand, Fiji, Papua and New Guinea, with over 1,000 branches and agencies.

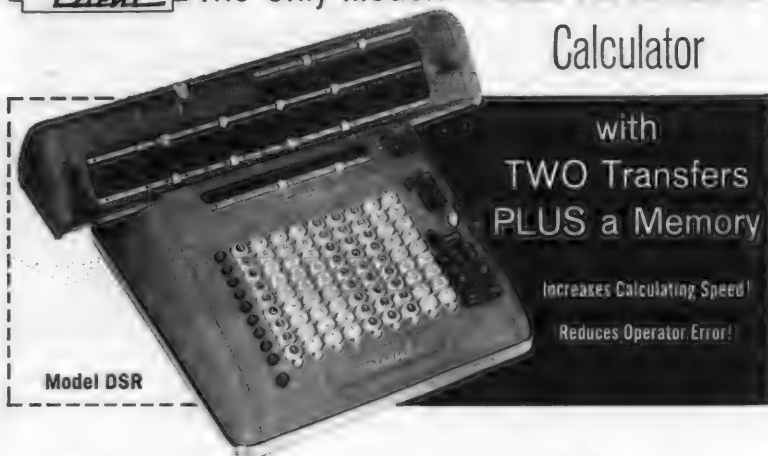
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Representatives in Principal Cities

Main Street (Continued)

P. O. KNIGHT, from vice-chairman to board chairman, Exchange National Bank of Tampa, Fla., succeeding the late J. A. GRIFFIN; FRED J. WOODS, vice-president, becomes vice-chairman, succeeding Mr. KNIGHT. HAMILTON HUNT, vice-president, becomes senior vice-president.

WILLIAM C. WHITNEY, cashier and board secretary, also becomes vice-president, Old Kent Bank and Trust Company, Grand Rapids, Mich.

WILLIAM J. ROMMEL, from assistant vice-president to vice-president, East River Savings Bank, New York City.

ROBERT L. CHAMBERLAIN, III, from assistant vice-president to vice-president, Fairfield County Trust Co., Stamford, Conn.; DONALD P. MEAD, FREDERICK M. PETERSEN, THOMAS F. RICHARDSON, all from assistant vice-president to vice-president.

WALTER R. BIMSON, board chairman, Valley National Bank, Phoenix, Ariz., becomes board chairman of the American Institute for Foreign Trade, succeeding the late DR. ALFRED KNIGHT.

ARTHUR G. LIST, from vice-president, Community Bank of Los Angeles, Calif., to vice-president, Glendale (Calif.) National Bank. Mr. LIST is former president of Sebewaing (Mich.) Farmers and Merchants Bank.

J. RUSSELL HANSON, from assistant vice-president to vice-president, First National Bank of Chicago, Ill.; LUCIAN B. WILKINSON, from assistant vice-president to vice-president.

HARRY P. BARRAND, JR., CRAIG S. BARTLETT, JOHN B. HENNEMAN, all vice-presidents, Hanover Bank, New York City, become senior vice-presidents.

JOHN T. MCCORMICK, from assistant vice-president to vice-president, Iowa-Des Moines National Bank.

ORVAL W. ADAMS, 1937-38 president of the American Bankers Association, and former Utah Bankers Association president, retires as president of Zions First National Bank, Salt Lake City, Utah. WALTER LAMAR WEBB, senior vice-president, succeeds Mr. ADAMS.

Tampa Bank Passes The Time of Day



Betty Yado hears the time over telephone service provided by The Exchange National Bank of Tampa, as Fred C. Billing, executive vice-president at the bank, looks on

EXCHANGE NATIONAL BANK of TAMPA, Fla., is providing the good citizens of Tampa with the right time of day. Just by dialing the number 8-8811, anyone in that city can hear the right time announced over the telephone any time of the day or night, seven days a week and 24 hours a day.

The actual mechanical equipment is installed at an office of the General Telephone Company, but two models of the equipment, complete with working demonstration telephones, are on display in the lobby of the bank. Twenty calls can be handled by the equipment at one time, and the caller first hears one of twelve short commercial messages, then the correct time, all within ten seconds. The service has been named "Exchange Time."

CONWAY E. CROSSLAND, JR., president, Central Savings Bank and Trust Company of Monroe, La., has been elected to membership in the Young Presidents Organization. MR. CROSSLAND is 37, and as president under the age of 40 of a bank with assets in excess of \$25,000,000, qualifies for membership in this organization.

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Hundreds of financial institutions have found me and my Clubs good helpers. We bring people in to make payments. They discover your other services, and many become regular customers. They also tend to deposit part or all their Christmas money in savings accounts. Then, too, we build a mountain of good will for you.

My best helper is Rand McNally's Club. It's complete—with coupon books, checks, shopping and mailing lists, ad mats, promotional pieces and other supplies. Many are in beautiful 4-color. With all this, your Club is sure to grow and prove profitable.

Samples will convince you.
Write today to:
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CHARLES D. OWEN, vice-president, resigns from First National Bank in San Rafael and Bank of San Rafael, Calif., after 42 years in banking.

FRANK A. GANS becomes vice-president, First National Bank of Cambridge, Ohio.

ARTHUR W. BORCK, honorary vice-chairman of the board, I. T. VAN PATTEN, JR., and BAXTER C. CARR, senior vice-presidents, and LINWOOD E. BRADSHAW, vice-president, all retire from National Bank of Commerce, Norfolk, Va.

JOHN J. STOUT, from assistant vice-president to vice-president, Bank of Westchester, White Plains, N. Y.

FRANK F. RISSO, vice-president, Bank of America, N.T.&S.A., San Francisco, retires. MR. RISSO was chauffeur for the bank's founder, A. P. Giannini, almost 50 years ago, and joined the bank staff as a teller in 1913.

JACK D. PORTER, DAVID C. RHODES, MASON E. MITCHELL, W. E. BEARD and JAMES E. BISHOP (a trust of-

ficer) all become vice-presidents, First National Bank and Trust Co., Tulsa, Okla.

IRVING W. DISTEL, vice-president, celebrates 50th year at Society for Savings and Society National Bank, Cleveland, Ohio.

LAWRENCE B. CAREY, former president of Plainfield (N. J.) National Bank and former N. J. commissioner of banking and insurance, becomes president, Trust Company of New Jersey, Jersey City. MR. CAREY had been executive vice-president and director of the bank.

DIRK TEN GROTENHUIS, manager, Manila branch of Bank of America, becomes vice-president.

KARL A. STAD, from assistant vice-president to vice-president, Dime Savings Bank of Brooklyn, N. Y.; CARMINE P. ANZALONE, from assistant secretary to assistant vice-president.

RAYMOND H. CHOATE, from assistant vice-president to vice-president, Second Bank - State Street Trust Company, Boston, Mass.

Bankers Play Hookey for 3 Months In Order to Go to School



"Graduated" last semester from Harvard's Advanced Management Course were, left to right, Arthur R. Greene, president, Atlas Advertising, financial public relations firm in Brookline, Mass.; Elliott Averett, vice-president, Bank of New York; and Jack A. Peyman, vice-president, Chase Manhattan Bank. 150 top management executives of American and foreign companies left their business roles for three months of intensive advanced management training

Chase Manhattan Official Heads Puerto Rico Bankers



Francisco de Jesus Toro, assistant vice-president, Chase Manhattan Bank branches in Puerto Rico, and formerly Under Secretary of Treasury, Puerto Rico, has been elected Puerto Rico Bankers Association president for 1959

DEWITT A. FORWARD, from senior vice-president to board vice-chairman, First National City Bank of New York; ALAN H. TEMPLE, from executive vice-president to board vice-chairman. Twelve new senior vice-presidents are as follows: G. STERLING BUNNELL, E. NEWTON CUTLER, JR., LEWIS B. CUYLER, ROBERT G. FULLER, ROBERT L. HOGUET, JR., LEO A. KANE, CHESTER R. LEABER, FRANK T. MITCHELL, JAMES M. NICELY, GEORGE C. SCOTT, FREDERICK C. WINDISH, and WALTER B. WRISTON; CARL W. DESCH, from vice-president to cashier. New vice-presidents are JOSEPH F. DAWSON; STEPHEN C. EYRE; ROBERT P. GRAHAM; P. HENRY MUELLER; KENNETH M. SPANG.

ALFRED A. ERICKSON, controller, National Bank of Commerce, Seattle, Wash., also becomes vice-president.

From assistant vice-president to vice-president, Valley National Bank, Phoenix, Ariz.: W. J. BURY, J. H. RHUART; HOWARD NESBIT; D. L. MOORE; R. W. MCGEE; and G. B. POND.

HARRY F. ANDREWS, from assistant vice-president to vice-president, Dry Dock Savings Bank, New York City.

JOHN P. BOCHOW, from second vice-president to vice-president, Guaranty Trust Company of New York; REIDAR E. GUNDERSEN, from second vice-president to vice-president. NORBERT C. HANSEN, ROBERT A. HARRIS, ALBERT HUBER, LEIGHTON F. JOHNSON, JR., ROBERT J. WILBUR all become second vice-presidents.

JACK G. BUTLER, from vice-president to president, General Bancshares Corporation and Bank of St. Louis, Mo., succeeding ARTHUR BLUMMEYER, who becomes board chairman.

JERE H. CAVANAUGH, from assistant vice-president to vice-president, Irving Trust Company, New York City; DAVID K. DARCY, from assistant vice-president to vice-president.

CHARLES B. LOVE, from assistant vice-president to vice-president, Chemical Corn Exchange Bank, New York City; RUSSELL L. HAUSER, from assistant vice-president to vice-president.

CLARK HOUGHTON, from vice-president to executive vice-president, First National Bank, Iowa City, Iowa.

WILLIAM N. JOHNSON, senior vice-president, Northwestern National Bank, Minneapolis, Minn., retires after 46 years of service.

DECOURSEY FALES, board chairman, The Bank for Savings, New York City, retires.

FRANK P. SMEAL, from second vice-president to vice-president, Guaranty Trust Company, New York City.

GERARD J. CREAMER, GAUIS W. MERWIN, JR., and DANIEL I. SARGENT, from assistant vice-president to vice-president, Manufacturers Trust Company, New York City.

EDWARD M. O'BRIEN, JR., from assistant vice-president to vice-president, Bankers Trust Company, New York City.

ROBERT F. MARCHANT, treasurer, The Bank for Savings, New York City, also becomes executive vice-president.

(CONTINUED ON PAGE 140)

BUILT TO CUT COIN HANDLING COSTS!

JOHNSON Model 30-SS Automatic High-Speed COUNTER-PACKAGER



Sets new high standards for speed, efficiency and economy. Fills, wraps and crimps an average of 900 rolls per hour. Handles all coins from pennies to half dollars inclusive. Increases average daily production. Provides fool-proof operation. Savings quickly amortize its low first cost.

JOHNSON Lightning CHANGE-MAKER



Makes change fast, accurately. Stops short-change, over-change. Handles rush hour crowds smoothly, without extra help. Budget-priced, yet built for years of trouble-free performance.

Portable Electric COIN COUNTER

Counts and wraps pennies to halves inclusive; also tokens. Chain driven. Equipped with re-set cyclometer. Light-weight, compact. Priced to make it an outstanding value.



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Ollie Atkins

George W. Riggs

GEORGE W. RIGGS,

Treasurer, Lincoln National Monument Association . . .

... was the name of an account on the ledgers of Riggs & Company from 1865 to 1868, in which funds were collected to erect the first Lincoln statue in the District of Columbia.

The monument, above, stands today near its original site in Judiciary Park. The work of a local artist, Lot Flannery, it was unveiled on April 15, 1868, the third anniversary of Lincoln's assassination.

We take pride in recalling that our co-founder was a leader in this early Lincoln memorial association, honoring the great president who was himself a customer of this bank during his entire incumbency in the White House.

With Americans everywhere we join in observing this year the 150th anniversary of the birth of Abraham Lincoln.

The **RIGGS** NATIONAL BANK
of WASHINGTON, D. C.

FOUNDED 1836 • LARGEST BANK IN THE NATION'S CAPITAL

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The OUTLOOK and CONDITION OF BUSINESS

SPENDING by consumers, business, and Government, the active elements of recovery, points upward, but not enough to explain why optimism is so disturbingly unanimous.

The general expectation seems to be that this will be the best year in history, that the 60s will be the best decade in history, and so on. Confidence is slightly diluted with caution, about 10 to 1—plenty of whee! and not much whoa!

With management, organized labor, liberals, conservatives, democrats and republicans all optimistic for different reasons, it is hard to see how they can all be right.

Not to mar a good picture but only to strike a fair balance, it might be well to take a quick inventory of factors, favorable and unfavorable, if you'll excuse the word.

First, a Stable Dollar

The greatest single problem affecting the speed and character of recovery is the stabilization of the dollar. All others are related to this in some degree.

At present, prices are steady because we have surpluses of capacity, raw materials, and manpower, and a strong hand guiding monetary policy, but there is a widespread feeling that a resumption of inflationary pressure on the dollar will come before the end of the year.

Irredeemable currency, Government spending, wage-cost pressure, and pricing policies have all been examined *ad infinitum*, but too much time has already been spent hunting for someone to blame instead of looking in the mirror.

Europe Calls the Tune

The critical nature of the dollar problem was recently forced into wide public attention, not so much by the President's budgetary program as by the historical step of Western Europe toward currency stability. It might be well to quote here from a report on this action from the Institute of German Industry.

"The latest monetary decisions seem to lead Western Europe towards the end of a 30-year period of foreign exchange restrictions, currency debasements, unsound fiscal policies, and all the other paraphernalia of economic nationalism and dirigism. The basic change of mind involved has been—and still is—prompted by the tremendous outflow of gold and dollars from the United States. Due to a farsighted American economic policy, no serious dollar shortage or lack of international liquidity has appeared to impede the speedy return to sound fiscal and economic policies in various countries . . .

"The bold moves taken by so many European nations will have to be steadfastly followed and implemented by sound economic, fiscal and monetary policies at home."

Let's see how "farsighted" our policies have been. The outflow of almost \$3-billion in gold from the United States this past year is widely interpreted in Europe as a sign of declining confidence in the dollar. The weakness of the dollar in relation to the pound, Swiss franc, German mark and other currencies is discussed with greater frankness in European capitals than it is here.

In London, for instance the *Financial Times* saw no early end of this "spectacular outflow of gold and dollars." The publication ascribed the movement to a decline of confidence in the dollar because of our failure to halt the rise in living costs last year. Another reason cited was the tendency of U. S. products to price themselves out of world markets.

Returning recently from a trip abroad, Reserve Board Chairman Martin reported a growing distrust over the future of the dollar among intelligent observers in Europe.

"To the foreigner," he said, "much more than to the Americans, the dollar is a symbol of this country's strength. A decline in the value of the dollar would suggest to him a decline in the faith and credit of the United States, signaling in his mind a decline not

(CONTINUED ON PAGE 176)

Washington

THIS first session of the 86th Congress seems to be deeply involved in a political investment program. It is starting to build a record in hearings and investigations as preliminary to a far-reaching legislative program in the next session. This will be a vote-fetching package ready for November 1960. Although this is the pattern that the Democratic majority seems to be developing, it is one that Republicans hope to gain some advantage from, too.

Our economic system is in for thorough scrutiny; money and fiscal policies will be up for critical re-examination; Federal spending and taxation opened to question; and all housing and mortgage programs reviewed and reorganized.

The central problem in Washington is still inflation. That is generally recognized by all responsible leaders. But there is precious little agreement about the steps that should be taken to stop it.

Hearings and Investigations Will Build Up to Future Legislative Program Dr. Ford's Report

Bankers, as a group, will be criticized as allegedly profiting from the high interest rates induced by Federal Reserve tight money policies. The climate for the kind of legislation that bankers seek is not good.

The Federal Reserve will be heavily attacked. But unless there is a serious recession, it is not likely that any fundamental change will be made in the central banking system. Nonetheless, in view of the herculean efforts the Fed has made of late to defend its policies, there is an understandably plaintive note in a recent speech by Chairman William McChesney Martin. He said, "Despite

the best efforts of the Federal Reserve System to explain its objectives and point of view to the general public, questions are again arising as to the basic purposes of money authorities."

In his State of the Union Message to Congress, President Eisenhower emphasized the perils of inflation. It was reassuring to see the members of both the Senate and House applaud at a number of points. But the self-discipline the President talked about, meeting current costs from current revenue and living within our means, are precisely that—discipline. They are difficult political programs to sell.

Majority Leader Lyndon B. Johnson's answer was much more politically appealing. He said: "Our efforts will be not only to balance the fiscal books of the nation but to balance the books of our public trust as well."

On the other hand, the President, too, was adroit. He debunked the Robin Hood idea of inflation which is secretly nourished by debtors and the disgruntled and often glibly propounded by those who have not thought the matter through. The President put it this way:

"Inflation is not a Robin Hood, taking from the rich to give to the poor. Rather, it deals most cruelly with those who can least protect themselves. It strikes hardest those millions of our citizens whose incomes do not quickly rise with the cost of living."

As his first step in countering inflation the President promised to submit a balanced budget. And on

A Balanced Budget, If

THE President's 1960 budget was more than balanced. It estimated revenues at \$77.1-billion and expenditures at \$77.03-billion, leaving a surplus of \$70,000,000. The surplus is contingent upon an increase by Congress in motor fuel taxes to 4½ cents a gallon, postal rate increases of \$350,000,000, and special and technical income tax adjustments. The latter includes the enactment of an equitable plan for taxing the income of life insurance companies, revising rules for computing percentage depletion allowances to insure that they are limited to mining processes, and enacting corrective legislation relating to taxation of cooperatives.

The budget estimates new obligational authority at \$78.8-billion, as compared with \$82.4-billion in the current budget. The so-called "cash budget" shows receipts of \$93.5-billion and expenditures of \$92.9-billion, a surplus of \$600,000,000.

The budget also estimated the public debt at \$285-billion at the end of the fiscal year, June 30, 1960, crowding the newly established and temporary debt limit of \$287-billion.

January 19 he did so. The following day he gave the third of his three important January reports, the Economic Report, prepared by his Council of Economic Advisers. This was broader and more comprehensive than the State of the Union or his Budget Message and laid greater stress on the United States' relationship to the rest of the world.

Two other points in the President's State of the Union speech are important to bankers. He said he was requesting the Secretary of the Treasury "to prepare appropriate proposals for revising, at the proper time, our tax structure, to remove inequities and to enhance incentives for all Americans to work, to save, and to invest." Some close to the President said "revise" should be read "reduce." The President added that such recommendations will be made as soon as our fiscal condition permits.

The second point involved making price stability one of the goals of the Full Employment Act of 1946, as the President said, "to make it clear that the Government intends to use all appropriate means to protect the buying power of the dollar."

He also announced that he is establishing a continuing Cabinet group on "price stability for economic growth" to study governmental and private policies affecting costs, prices, and economic growth. He added that it will strive also to build a better public understanding of the conditions necessary for maintaining growth and price stability.

A New TNEC?

In December Senator Johnson made a short speech to his fellow Texans which has great significance for bankers. Recalling the Temporary National Economic Committee (the famous TNEC of the 30s) and citing the fact that it was headed by Senator Joseph C. O'Mahoney of Wyoming, Senator Johnson suggested that "we need to take some kind of a searching look" once again at the nation's economic system. Then he pointed to the Joint Economic Committee as "a base" for it. He declared:

"The launching of such a study will, I hope, be one of the major activities of the coming Congress. We need light in dark corners; and we need it soon."

Coming from Senator Johnson who is shaping up as the most power-



UNITED PRESS INTERNATIONAL

The President at his appearance on Capitol Hill to deliver his State of the Union Message. He is talking with House Speaker Sam Rayburn, beside whom stands Vice-president Richard Nixon

ful and important individual in the Congress, there is no doubt such a searching look will be taken.

Who would head the Joint Committee's study? That's a question at this writing. Senator O'Mahoney perhaps? He is a member of the committee. In mentioning him Senator Johnson might have been suggesting him.

The chairmanship of the committee, which has been held by Representative Wright Patman of Texas, alternates this session to Senator John J. Sparkman of Alabama as the senior Senate member. Senator Sparkman is being talked about to head the study. But there seems to be some question at this time whether he will want to do it in view of his chairmanship of the subcommittees on Housing and Small Business. Even so, his name keeps coming up.

Senator Paul H. Douglas of Illinois is also spoken of. Whether he wants such an arduous assignment is undetermined. It has been pointed out, however, that Senator Douglas, jealous of his academic repute as an economist, might in this situation be more professional than political.

The Theme

An idea about the line that the new TNEC might take may be gathered from three paragraphs of Senator Johnson's speech:

"There are learned men who claim that the cure for inflation is tight

money—high interest rates. Yet these same high interest rates have increased the cost of Government.

"There are many who believe that rising wage rates have forced up costs and cheapened the dollar. But others argue that higher wage rates are necessary to meet the higher cost of living.

"Some people blame Government spending. Others claim that, if Government spending were to stop, our whole economic system would be thrown out of gear and we would have widespread misery."

Although the Joint Economic Committee does not initiate legislation, it does make recommendations—which carry weight. Another TNEC inquiry this session is bound to result in legislation next session.

With the Joint Economic Committee launching another TNEC inquiry, wouldn't that make the House less receptive to Mr. Patman's desire for a select committee for his own investigation of money and credit? For the answer to that question this correspondent went to Mr. Patman in his New House Office Building office on the second floor, just below the House Banking and Currency Committee offices.

"Not at all. If we had six committees investigating the monetary system, we couldn't have too many," Mr. Patman said.

The field is so broad and there are so many things that bear looking into that the more work, the more



UNITED PRESS INTERNATIONAL

Financial representatives of the 21 American States held meetings in Washington early in January to make plans for a regional bank designed to accelerate economic growth in the Western Hemisphere. Shown here are Delegates de la Pezucla, Cuba; Hazera, Costa Rica; Botero de los Rios, Colombia; Paiva Leite, Brazil; and Rovira, Bolivia

fruitful the results, in Mr. Patman's opinion. Mr. Patman took the occasion to make a point he has made a number of times on the floor of the House and in the *Congressional Record* about how an investigation of the Fed could save the Federal Government \$3-billion in interest on the national debt. "Big banks" came in for some criticism at that point, too.

It was evident that Mr. Patman was still gunning for the Fed. But there was real concern among friends of the Fed and of banking on The Hill that if Mr. Patman headed the select committee with the subpoena powers he sought he could be embarrassing, to say the least.

Mr. Patman said he would offer his Resolution 587, the same one as he introduced in June, on the opening day, January 7, and he did. By that time, however, the odds on its being passed were dropping as speculation increased about the role that the Joint Economic Committee would play. And Mr. Patman declined to discuss whether he had the support of House Speaker Sam Rayburn of Texas. Without it, his resolution was not given much of a chance of winning. Mr. Rayburn actively supported his first resolution, H. Res. 85, and Mr. Patman claimed his support for his June resolution. But this one . . . well, Mr. Patman preferred to let Mr. Rayburn to do the talking. And Mr. Rayburn wasn't

talking—at least, at this writing.

Also pending is the Senate Finance Committee's investigation of the financial condition of the United States. It was a political dud last year, as far as the Democrats were concerned. Other than the printed hearings and the published answers to the questionnaire that Chairman Harry F. Byrd of Virginia sent out, no reports were issued and none was expected. Then an incident occurred.

The Ford Report

Three days before Christmas the staff of the Joint Committee on Internal Revenue Taxation published a "Report on the Record of the Investigation of the Financial Condition of the United States," which was marked "For use of the Committee on Finance."

The cover also carried a note: "This report has been ordered printed for purposes of information and discussion, but it has not yet been considered or approved by the Committee on Finance or any member thereof."

In spite of these careful disclaimers of commitment or responsibility, the report created quite a stir in the Senate Finance Committee. Why?

It was a conservative interpretation of a record that liberal Democrats had carefully built for a program of financial legislation they hope to pass in this 86th Congress. It was the first printed document

reviewing that record to come from The Hill. And it caught the Liberal Democrats on the Finance Committee by surprise.

The report was the work of Dr. James W. Ford, associate professor of economics at Ohio State University. The letter of transmittal in the report explained that Dr. Ford was assigned to the staff of the Joint Committee to assist the Finance Committee with its study.

Dr. Ford's interpretations of the record might coincide with some of those of Chairman Harry F. Byrd of Virginia, but hardly with those of his Democratic colleagues. The Ford report, as a single report, gave greater emphasis to a conservative interpretation of the record than, say, a dissent by Senator Byrd in any report that the Senate Finance Committee itself might publish on the investigation. Such a "digest" is being considered by some of Senator Byrd's colleagues at this writing.

Although copies of the Ford report were distributed to the offices of all of the members of the Senate Finance Committee, this was done when staff workers were preparing for the holiday and the Senators were home. For that reason they went almost unnoticed until a day or so before the opening of Congress.

Then a number of Democrats on the committee became aroused. They began to hear about the report, which thereupon went out of sight, and release was withheld until the Senate Finance Committee could formally act on the report. But no matter what action the committee takes, Dr. Ford will have made his case.

Findings, Summarized

What Dr. Ford found in the report can be summarized thus:

Rising labor costs in 1955-56 and 1956-57 did not push prices up; it was a rising demand for goods and services, not originating in wage increases, that did. But as to what caused the general increase in demand in 1955 and the fall of 1957 Dr. Ford said that no one claimed to give a simple and clearly correct answer. He added professionally:

"This is an accurate reflection of the state of knowledge of the subject, and it shows how important is the basic research that is carried on in this field."

As to whether an unsound increase in debt had been an immediate cause

of the inflation and, later, had set the stage for recession Dr. Ford declared:

"It seems clear that for business debt at least, the answer to this question is 'No.'" He added:

"While consumer borrowing affected the composition of total expenditures, it is not so certain that the amount of expenditures, and hence the upward pressure on prices, would have been less if consumers had somehow been prevented from borrowing as much as they did borrow."

Dr. Ford cited proposals for credit control. On these he commented: "Such controls would be more difficult to administer than present monetary controls and they are advocated mainly because it is thought that present controls are not adequate to prevent inflation. This conclusion is premature in the present state of knowledge about business fluctuations."

The latter sentence is characteristic of Dr. Ford as time and again he seeks to test various proposals and panaceas against accumulated knowledge and experience.

Possible Revisions

Dr. Ford found no support in the views of Government officials and others for the contention that a differently constituted monetary system would have moderated or avoided altogether recent monetary disturbances. But he did not rule out the possibility that further experience may lead to a return to the stricter discipline of pre-1933 gold arrangements or to relaxation of the present centralized system of discretionary control in the Federal Reserve System.

He thought that under present international monetary arrangements it is unlikely that either restoring the circulation of gold coin or requiring the Treasury to buy and sell gold bullion on demand at a fixed price would make monetary policy very different from what it has been in recent years.

Fed Policy Defended

Dr. Ford defended Federal Reserve policy. He put it this way: "The conclusion is clear that the tight money policy did restrain inflation. This is not to say, however, that the choice of measures and their timing was perfect, but only that what was done did work in the in-

tended direction at the time it was done.

In the matter of the effects of tight money on interest rates he said: "A more rapid expansion of money would have, at least initially, prevented or moderated the rise in interest rates, but only at the cost of a more rapid rise in prices than actually occurred."

Dr. Ford went right to the point on the matter of the possible discriminatory effects of tight money. Whatever the facts are, he said, they do not help decide whether the policy was sound. He commented:

"On the evidence from previous episodes of cheap money policy, expansion of the money supply might have failed to keep interest rates from rising, and, in any case, would have caused more inflation. Critics of tight money policy who said that its effects were discriminatory are certainly not prepared to argue that the only alternative, a policy of inflation, would have been more fair. The critics have not taken sufficient notice of the fact that market pressures were forcing interest rates up and the Federal Reserve could have affected the situation, if at all, only at the cost of more inflation.

"The same comment applies to the contention that tight money needlessly raised the cost of the national debt."

The twin goals of price stability and full employment Dr. Ford con-

sidered consistent. But, academically, Dr. Ford felt that clarification about the effects to be expected from different types of monetary and fiscal action is the primary requirement for improving stabilization policy. He said:

"Changing the statement of goals or adding additional goals, making explicit the goal of price stability, for example, is likely to do much less to clarify issues and make policy sounder and more effective."

Other Questions Settled

Dr. Ford trotted out questions about the influence of private financial business on Federal Reserve policy and disposed of them promptly.

"No evidence has ever been advanced to show that Federal Reserve policy has been made to serve private interests.

"It is true that during the tight money period bank profits rose substantially. But the increased demand for bank loans would, in the last analysis, have led to higher bank profits whatever the policy of the Federal Reserve.

"However, the decisive fact in this matter is that the Federal Reserve had clear reasons for thinking, whether rightly or wrongly does not matter in this connection, that tight money was in the general interest."

Dr. Ford came to the conclusion that both monetary and fiscal policy (CONTINUED ON PAGE 127)

Some members of the Canadian parliament spent two days in Washington in January. Seated beside the President in this photo are, *left*, Mark Drouin, speaker of the Canadian senate, and Roland Michener, speaker of the house. The purpose of the visit was to lay plans for projected annual exchanges between U. S. and Canadian legislators



UNITED PRESS INTERNATIONAL

A Good Year Ahead for Banks

Loan Demands Should Be Greater Deposits Seen at High Level Bank Shares Appear Excellent Holdings Operating Expense on Upgrade

HERBERT BRATTER

BUSINESS forecasts have been generally favorable during the annual crystal gazing season, and 1959 should be a good year for commercial banking, too. This is the definite feeling one finds in talking to bank supervisory officials and commercial bankers. The composition of bank profits in 1959 doubtless won't be a copy of the 1958 pattern, because of the unusual role played by profits on securities sold during the first six months of last year, but loan demands should be greater as business rebuilds its inventories. Interest rates are expected to remain at least as high as they were at the close of 1958, and the Treasury will be borrowing heavily wherever it can do so, including from the banks. Moreover, inflationary factors working on prices and wages will continue to swell the dollar volume of the nation's credit business. Higher operating expenses, of course, also will be experienced by banks.

Chairman Jesse P. Wolcott of the FDIC is one who feels confident about banking's 1959 prospects. "This year will be a good one for bank earnings," he told *BANKING*. "Applications for new banks and branches reflect continued confidence in banking opportunities. Banking is an expanding business. The condition of the banking system is very sound today, and I see no reason why we should not continue to be optimistic about bank earnings and profits in 1959."

To Comptroller of the Currency Ray M. Gidney the banking outlook holds "good prospects for the future." The banking system, as he sees it, is—with very few exceptions—well-managed and sound.

"Steady progress is being made in building capital position by retention of earnings, sales of new stock, and transfers to reserves. I believe that we have a truly strong banking position," he states.

The bank earnings outlook is also favorably viewed by investment analysts. Standard & Poor's Corporation, in *The Outlook*, wrote that bank earnings in 1959 may well be 10% higher than 1958 net. "The basis for higher bank earnings in 1959 is now being established," it said. "The favorable combination is a high level of deposits, a probable gain in loan volume, and rising money rates." *The Outlook* saw time deposits as probably leveling off but demand deposits as increasing because of Federal deficit financing and increased business activity.

Over the longer run, according to the same analysts, banking enjoys assured, albeit gradual, growth prospects, making bank shares excellent holdings for conservative portfolios.

A later S&P analysis saw 1959 loan totals as probably exceeding the 1957 high. "Increased earning assets at improved interest rates practically guarantee higher bank earnings, despite a moderate upward trend in expenses," it stated.

Measured in dollars of dwindling buying power, net current operating earnings of commercial banks have increased every year since 1943, a glance at FDIC tables for all insured commercial banks shows. Between 1949 and 1957 these earnings mounted from \$1.3-billion to \$2.9-billion. While the growth in dollar amount is in part a reflection of inflation, it is closely linked to the long-term growth in the economy. The only thing that will prevent further growth in banking activity and profits in 1959 will be a recurrence of economic recession, something very few persons now predict.

Both loans and investments contribute to bank profits. The proportion of each varies from year to year and also from bank to bank. Small banks tend to show more consistency in current operating earnings than big city banks, which are more adept at shifting their assets. While banking statistics for the whole of 1958 are not yet available for all banks, the Federal Reserve Board's figures covering member banks for the first half of 1958 as compared with the two preceding half-years are interesting in this connection. (See the table below.)

The exceptional role in net profits

Earnings and Profits, All Member Banks
(in millions of dollars)

	First half 1957	Second half 1957	First half 1958
Net current earnings before income taxes	\$1,240	\$1,308	\$1,275
Profits on securities sold or redeemed	17	41	528
Profits before income taxes	1,059	1,004	1,520
Net Profits	568	600	828

Earnings, Expenses, and Profits of Federal Reserve Member Banks

(Millions of Dollars)

Year	Total Current Earnings	Total Current Expenses	Net Current Earnings	Net Profits After Taxes	Ratio of Net Profits to Capital Accounts
1946	\$2,403	\$1,469	\$ 934	\$ 758	9.6
1947	2,579	1,650	929	653	7.9
1948	2,828	1,795	1,033	621	7.2
1949	2,986	1,889	1,097	686	7.6
1950	3,265	2,020	1,245	781	8.3
1951	3,669	2,232	1,437	756	7.6
1952	4,120	2,501	1,619	829	7.9
1953	4,590	2,782	1,809	865	7.8
1954	4,826	2,999	1,828	1,096	9.3
1955	5,343	3,265	2,077	985	7.9
1956	6,078	3,680	2,398	1,027	7.7
1957	6,771	4,222	2,549	1,169	8.3

While profits have climbed considerably during the post-war years, their ratio to capital accounts has remained much more modest

played by profits on securities sold during the first half of 1958 is unlikely to be repeated in 1959. On the other hand the considerable decline in bond prices since mid-1958 does not necessarily mean that banks will be taking large losses on their sizeable securities holdings this year. The larger demand for business loans may be met out of deposits expanded by Government deficit financing, rather than out of the proceeds of liquidated securities.

More Bank Credit Needed

If the promising economic outlook at the year's beginning is realized throughout 1959, the earnings of banks as a whole should benefit correspondingly. However, strikes and other labor troubles may cloud this prospect. This possibility however, could lead to anticipatory building up of business inventories in the early months and a falling off later with concomitant fluctuations in business borrowing. Bankers Trust Company Economist Roy L. Reiersen foresees business in 1959 relying heavily on the credit market, including commercial bank financing. If, due to the wage-price spiral, prices rise by 1%, business will need close to \$2.5-billion of additional working capital, he states. Business has entered the current recovery, he believes, in a far less liquid position than at the start of any previous upturn in recent history.

Other Factors

Mr. Reiersen names, as other factors pointing to more bank credit, a large increase in consumer credit and dependence on the banks to absorb a substantial part of the 1959 increase in the public debt. But, since the banks entered 1959 in a relatively highly loaned position, their ability to absorb new Government securities will depend on Fed-

eral Reserve credit policies. Mr. Reiersen suggests that commercial bank lending will be less aggressive than during the previous recovery period, particularly as to term loans. Whereas Washington supervisory authorities point to the strong position of the banks, this economist cites "the relatively low liquidity of commercial banks as a group."

In December, A.B.A. Deputy Manager E. Sherman Adams predicted that gross operating earnings probably will rise more than enough to offset increasing expenses. He anticipates the realization of sizable net losses on securities transactions. Allowing for additions to capital funds, net profits, he says, may drop below the 8% average level of recent years.

While some factors will, as always, be making for bank profits, other factors will be working in the opposite direction. As in any business, there is a battle between income and expenses. While, for instance, higher interest rates mean higher income for banks, they also mean bigger costs insofar as interest is paid on time deposits. Competition has brought about an increase in the latter during the past year. All current operating expenses have an upward bias. Postage rates have been raised. Payrolls continue to rise, both as wage and salary scales increase and as the number of banking personnel is augmented to keep pace with growth.

Automation in banking will tend to offset the bulge in payrolls, but not enough to keep the total from growing. Automation is expensive, although classed as a capital expenditure. In 1959, certainly, the

long-term tendency of banking costs to increase may be expected to continue. To what extent the increase in costs is offset by increased service charges and interest rates is a matter that will vary from bank to bank.

Higher Profits—IF

In giving a cautious appraisal of the nation's 1959 banking outlook, a Washington, D. C., banker told BANKING:

"If we have the same loans throughout 1959 as we had at the end of 1958 we'll make more money than last year. But many banks are loaned up and I don't see how they can increase their earnings in 1959. I don't see a great demand for loans. I don't see much increase in capital expenditures. If banks which are loaned up now become overloaned and have to borrow from the Fed, they will not have gained much."

The record of the banking system's net earnings over the postwar years gives reason for confidence that in 1959, as heretofore, expenses will be kept under control. Data for member banks of the Federal Reserve System show that between 1946 and 1957 operating expenses—including salaries and wages, interest, taxes other than income, and miscellaneous expenses—mounted from \$1,469,000,000 to \$4,222,000,000. Earnings, however, expanded from \$2,403,000,000 to \$6,771,000,000, with the result that net current earnings before income taxes rose from \$934,000,000 in 1946 to \$2,549,000,000 in 1957. In only one of these 11 years, 1947, did net current earnings decline slightly.

(CONTINUED ON PAGE 165)

BETTER METHODS & SYSTEMS

Using the Common Machine Language

How will the common machine language for checks be utilized?

What machines are being developed to take advantage of the new method?

Answers to these questions, particularly as they affect smaller banks, were provided by Raymond C. Kolb, vice-president, Mellon National Bank and Trust Company, Pittsburgh, at a New England bank management conference in Boston. Here is a condensation of information he offered.

Check Data

All a bank knows about a check before it is given to a customer will be placed along the bottom in magnetic ink characters as part of the printing process. This information includes the routing symbol and transit number of the paying bank, and the account number identifying the customer who will draw the check.

The unknown data—notably, the amount of the check—will be placed along the bottom in magnetic ink characters as a by-product of the first proving process. Once this is done, all information necessary to process the check automatically is on it in machine-readable language.

Machines can not only read it, but will automatically sort, post, prove, and perform other essential operations on the basis of this reading.

The Equipment

To place the amount on the check in magnetic ink as part of the first proving operation, **simple and inexpensive devices somewhat resembling adding machines are being developed**; prototype models are ready. Checks are put in a slot and the keys are depressed. Simultaneously, a regular adding machine listing is produced.

"This is the type of device that will doubtless be used in large quantities by banks," says Mr. Kolb, "and the manufacturers are well aware of the fact that the cost must be kept down."

Another approach to post-printing involves the modification of bank proof machines so that they will print the magnetic ink characters as a byproduct of their normal operation.

Check Sorter

The check sorter is the second piece of equipment required. This device will read the characters and sort the checks into sequence. At least four different sorters are now

in existence—in various forms—and they can sort checks of varying sizes and paper thicknesses at very fast speeds. They work on the digital basis, reading and sorting into pockets on one digit at a time, much the same as the familiar punch-card sorter.

Bunches of unsorted checks can be placed in a hopper and sorted into the sequence desired: account number, bank transit number, or by any other classification that has been placed on the checks using the common machine language. This equipment will also probably be able to list—that is, to prepare tapes similar to adding machine tapes.

A Simple Lister

Some favor the production of a simple lister into which the sorted checks can be placed and listed automatically by a reading of the magnetic ink characters. This might be used to list checks to be posted to a single account—after they have been sorted, for example—or to list a cash transit letter or prepare a statement.

Posting the Accounts

What machines can be used to post the accounts under this new procedure? "The answer is," says Mr. Kolb, "practically any one of the electronic computers in existence today, with an input machine to read the common language. A wide choice is available.

"Or another possibility exists, particularly for the smaller bank. This is the production of a small scale bookkeeping computer that might be able to produce ledger sheets and accounting records in visible form from the reading of magnetic ink

For the Smaller Bank—a Bright Future

"It seems to me that the smaller bank is standing on the threshold of a bright future in automation. Far from being excluded from the benefits, it should be possible right now to begin preparations for this future. The problem, as I see it, will not lie in the technical field of the machines themselves, but rather in the molding of our opinions and our banks in order to take advantage of what will be available."—MR. KOLB.

Electronics in Smaller Banks

ALTHOUGH small banks may feel that their size does not justify automation's cost, they should realize that data processors are adaptable to handling not only checking accounts, but such operations as commercial loans, mortgage loans, instalment loans, savings, and personal trust business, said Herbert R. Cory, vice-president of the First National Bank of Boston.

Speaking at a New Jersey Bankers Association meeting, Mr. Cory recommended that small banks consider leasing time on machines from service bureaus, setting up jointly-owned centers for use by several regional banks, or purchase of the equipment and then leasing time on it to other banks. The large number of small banks, he said, are the major market for computer makers, and the companies are devoting extensive research to developing equipment for these users.

characters on checks and the simultaneous reading of balances and other information stored on the ledger sheets themselves. All this is possible, and a start in this direction has been made by the 'Tronic' bookkeeping machines. Certainly, machines of this type could be modified to a magnetic ink character bookkeeping system."

Mr. Kolb counseled against believing that all this will apply solely to the larger banks. Problems of volume, errors, personnel turnover, and costs differ between banks of various sizes only in degree.

Other Small Bank Possibilities

Looking at some of the possibilities, he continued:

The equipment being made follows the building block principle, which means that banks can go as far as they wish with a complete system. Some, for example, may want to go only to automatic sorting, others to automatic sorting and listing, and still others to full computer bookkeeping. The building block principle will permit these and probably other degrees of automation.

There is a tendency for smaller banks to look at their operations as a series of separate problems. But in speaking of automation, you must think in terms of all the bank's clerical functions as an integrated whole. There's no basic difference, for example, between sorting and posting checks and deposits, and sorting and posting transit items, instalment and mortgage loan payments, time and demand deposit payments, investment and general ledger entries, and the many similar transactions that pass through the paperwork mill.

"With this type of thinking," Mr.

Kolb asserted, "the size of bank where more automatic processes are feasible decreases rapidly. We should remember," he added, "that great technical strides are being made in reducing the size and cost of electronic circuitry."

Other possibilities for the smaller banks include:

Regional groups may cooperate to obtain large scale equipment on a community basis.

Enterprising service bureaus specializing in bank work may spring up to perform automatic processes on a fee basis.

The time may come when automation service will be offered by city correspondents—again on a fee basis.

Cost Analysis Program

THE cost analysis procedure developed for savings and mortgage operations by an A.B.A. committee is being field-tested by approximately a dozen commercial and savings banks in different parts of the country. A report on the project's status was made to a NABAC group by Arthur Miles, assistant treasurer of The Dime Savings Bank of Brooklyn whose president, Everett J. Livesey, is chairman of the A.B.A. Savings Management and Operations Committee which worked out the method for determining costs.

"An attempt will be made to iron out all the bugs that show up during this test," said Mr. Miles. "When the test is completed and all the necessary additions, deletions, modifications, etc., have been made, the schedules and instructions will be announced.

TELLING THE PUBLIC

Chicago National Bank had a series of noon-time demonstrations to show the public how electronic bookkeeping was used to provide the best possible special checking account service. Signs near the machine in the lobby explained that it remembers: "The number which identifies your account; your balance; alert notices; number of checks posted to your account to date; and other important information"



"We hope, of course, that every bank receiving a copy of the cost procedure will go to work and compute the cost of its savings and mortgage operations. If such is the case, it will be a simple matter to find other banks in your area with

similar operating conditions, anxious to compare cost figures.

"Even if other banks in the area do not have cost figures, we feel that the data determined by one bank can be useful to it. By carrying out the cost analysis year after

year, you can set your own standards and observe your own trend. Higher cost does not necessarily mean you are becoming less efficient. You may be rendering additional service which you feel is warranted. It is, however, a danger sign."

A Clearing House Approach to Automation

BANKS in some large metropolitan districts, through their clearing houses, are keeping on the alert for new automation ideas, equipment, applications, and solutions to problems. For example, the Chicago Clearing House Association, with 13 members, has a Subcommittee on Electronics, working under the Operations Committee.

This group was organized in 1956 and followed a similar unit set up by the New York Clearing House Association. Others have since been formed in various parts of the country. This combined approach to automation saves much time and expense for the individual banks, and the exchange of ideas assists all the members.

The main function of the Chicago subcommittee, whose chairman is Maurice E. Graves, vice-president of The Northern Trust Company (also head of the Operations Committee), is to help the banks in the dissemination of practical information helpful in placing orders for computing equipment. The existence of similar committees elsewhere, of course, makes possible important contacts around the country.

The Chicago group originally planned to work on a subject basis, exchanging ideas on present and future developments, systems, and applications. The meetings, it was felt, would also be a sounding board for equipment makers.

Automated Bookkeeping Studied

This program has been followed. A rather lengthy study was conducted covering the commercial bookkeeping operation under an automated program. Also, an industrywide study was made of consumer or instalment lending.

The commercial bookkeeping function was chosen first because of its general interest and application. Moreover, the varying sizes of banks did not preclude the use of electronics in some form. A further consideration was that the committee desired to work as a team rather than to subdivide further to undertake several studies at one time. Such studies involved: input preparation; input control, such as ac-

curacy and establishing audit controls; posting and up-dating accounting records; output production and printing; check filing; account analysis; report preparation; statement mailing, including addressing and cycling.

This initial study found, among other things, that if a bank could not afford an "on premise" installation, it might use to advantage computer equipment jointly owned or in a service bureau, but that there was not sufficient equipment available to make a major long-range decision. Account numbering was also discussed because of its far-reaching effects upon banks and customers; it can only be considered as a gain under present methods if the bank has made a definite decision as to future equipment. In the area of statement preparation, it has not been decided whether all customers will accept a skeletonized statement, and more research may be necessary to determine the correct answer.

Instalment Lending, Too

The same exhaustive study covered the instalment loan function. However, of the 13 represented banks only seven had consumer lending activities. Tabulating and electronic applications were studied. Present low-cost methods act

as a deterrent to computer applications. No serious operating problems were envisioned by the conversion of this type of accounting to high-speed equipment. Particular gains would be in delinquency controls and late-charge calculations and no adverse effects on customers were anticipated.

In addition to the technical studies, a roundtable discussion covering new ideas and equipment is conducted at each meeting, and now, as a change of format, the major equipment companies are being invited to present products, and plans, together with selected speakers on such specialized problems as account numbering, check digit use, and on-premises check imprinting versus the printing plant.

All this information is beneficial to the participating banks and has or will serve as a helpful aid in appraising the merits of equipment in the light of each bank's problems. Electronic decisions should not be made in haste, and group meetings such as these can be of untold aid to those called upon to make major decisions.

HARRY E. MERTZ
Vice-president and auditor
La Salle National Bank
Chicago

STORAGE RECORD			
OFFICE		DEPARTMENT	
SECTION	(LEAVE BLANK)	BAY	(LEAVE BLANK)
NAME OR DESCRIPTION OF RECORDS			
DATED FROM _____ TO _____		(INCLUSIVE DATES OF RECORDS)	
DESTROY _____		PREPARED FOR STORAGE BY _____	
(DATE)		(SIGNATURE)	

The Bank Management and Research Committee of the New York State Bankers Association has published a records retention schedule. A triple form, illustrated above, is suggested for banks without schedules. Part 1, label for container; Part 2 index to stored records; Part 3 filed according to date of destruction. Each part is in a different color

How Banks of All Sizes Can Use the Marketing Concept

One of the Greatest Needs in Building New Business Is for Specialized Training in How to Sell Bank Services

JOHN W. BARRY

MR. BARRY is vice-president of the New York management consultant firm of Wallace Clark & Company, Inc.

BANKS have many of the same marketing problems encountered in industry, plus some that are uniquely their own.

(1) Banks have an equal need for hard selling.

(2) Banks have an equally complex marketing process, as witness the fact that, although they may not always give them the same names, they use and should use as many marketing tools and services as industry does.

However, it is difficult to apply marketing concept organizational thinking in the bank because, if for no other reason, the typical bank officer has both operating and planning responsibilities. Moreover, there is the tendency, especially in smaller banks, to regard business development as not an appropriate subject for formalized organizational thinking and practice.

Yet the need exists. Some banks are meeting this need; they have found ways to centralize responsibility for new business development and to upgrade it to its proper importance as a top management responsibility. Ways are also being found to achieve much better coordination of all business-getting efforts and tools. These steps can be taken regardless of the bank's size.

Most of the larger banks have done some marketing research, and the use of this tool in the business-

getting process is generally accepted. However, all too often there is a tendency to "let George do it" (meaning ride along on association-sponsored research) except when there is a problem of major capital investment, such as locating a new branch.

Even association-sponsored research is too often ineffectively used, or not used at all. The various bankers' associations provide a great deal of valuable market research assistance. If brought down to the local level and applied in a practical manner, this research can be an important plus for any bank willing to make the effort.

Field Sales Effort

The heart of any industrial company's business-building program is its field sales effort, together with what this effort can accomplish if properly trained and directed.

The need for banks to provide themselves with such a sales effort has been repeatedly stressed in the pages of *BANKING*, and several stimulating examples have been cited of what leading banks are doing.

The regrettable thing is that all too many banks have still done little or nothing to provide this effort. This is particularly unfortunate because it ignores two prime bank sales assets:

(1) Ordinarily, the most effective salesman for any service is the "doer" who is responsible for carrying out the service he sells. If he is properly trained, his sincerity and intimate knowledge of the service

he sells will go a long way to offset the fact that he may not be a "born salesman."

(2) The banker, particularly if he is an officer, commands a prestige sure to get him an attentive hearing anywhere. Sending someone below officer rank generally produces less satisfactory results, and bank officers with lending authority can often outproduce others, largely because of this fact. This is not to imply that only officers should participate in field sales effort; every presentable, articulate employee should be considered.

The problem of how to obtain field sales effort of the proper caliber is complicated by the nature of bank organization and officers' duties. Any banker can always find a pretext not to make sales calls.

Sales Office Administration

If bank business development is held in proper regard, branches may be considered at least partially as sales offices, and their administration, so far as business development is concerned, as part of the over-all bank business development program. Viewed in this light, few banks have much to learn from industry on the score of sales office administration. As a matter of fact, the main offices of some banks could learn a great deal from their own branches about new business development.

Product Sales Service

In industry, this is often considered technical service, or its near

(CONTINUED ON PAGE 114)

Bitter Pills for French

This article was written by BANKING'S Washington Correspondent HERBERT BRATTER, who recently spent some time in Europe studying economic conditions there on the eve of the recent monetary events. He says that this study "should be regarded as a footnote to monetary history rather than as an attempt to prejudge the future of French inflation."

IN France, a wealthy land with socialized basic industries and banking, we have seen in recent years a Laocoön engaged in an endless struggle with the seemingly unconquerable serpent, inflation. In the early postwar years, inflation in France drew its strength from the concentration on investment and construction, rather than on production of consumer goods. In the early 1950s investment was again stimulated by the Korean War. Foreign aid in big amounts has

been obtained from the World Bank and Fund, the Eximbank, and other sources. At home the successive governments have sought to check inflation with everything "in the book": price rollbacks, materials allocations, price controls, forced loans, recall of 5,000-franc notes, a free gold market, indexed bonds, exhortation, new forms of taxation like the "value-added tax," support prices, subsidies, general monetary controls, devaluation, and other measures.

Still we have seen French governments determining the prices of scores of manufactured products, apart from the products and services sold by the nationalized enterprises: railroad, subway, and bus fares; gas, electricity, coal and gasoline. We have seen a 3-man official committee with wide powers—the Action Committee for the Defense of Purchasing Power—created to police the national price structure. Yet, at least until DeGaulle, there has been no sign or hope that France can for long get out of inflation's grip. The nation seems only to have got mired ever deeper in the economic slough which makes its appearance when man-made regulations are substituted for the free play of the market place.

Too many groups in France, as pointed out by former Premier Mendes-France, think they can beat inflation by creating more of it. And, when not engaged in getting a group advantage at the expense of the total community, the Frenchman of today concentrates on group and personal hedges against inflation rather than exhibiting a determination to see the evil exterminated.

We could, if we would, learn something from others' experiences with inflation. History is replete with innumerable stories of nations brought to ruin by currency corruption.¹ The trouble with history is only this: No one pays any attention to its lessons when the group to which he belongs—labor union, farm organization, veterans group, pension lobby, government employees, construction industry, shipping, producer of foreign-aid goods, or what not—sees an immediate group gain to be got.

None the less it may be instructive and constructive here to turn the spotlight on some of the complications of life under intermittent and almost chronic inflation in our



News bulletins in Paris announcing the franc's latest devaluation

¹A recent review of this subject was given by the British economist, Graham Hutton, in a paper presented before the Mont Pelerin Society, Princeton, N. J., and published in the *Commercial & Financial Chronicle* of October 9, 1958, p. 14.

Inflation Fever

Surgery by Le Grand Charlie

IN an article on recent monetary measures taken by a dozen nations in Europe, Barron's National Business and Financial Weekly, in its January 5 issue, has this to say about the position of France:

PERHAPS the most far-reaching shifts of all have occurred in France, which, under the unlamented Fourth Republic, had become the latter-day sick man of Europe. To restore it to health, Le Grand Charlie and his finance minister, Antoine Pinay, recently prescribed a truly heroic cure. Like their predecessors, to be sure, they found it necessary to devalue the franc. In a sharp break with the inflationary past, however, this panacea was accompanied by heavy economic surgery. Messrs.

DeGaulle and Pinay have wielded a sharp scalpel on state subsidies to nationalized enterprises and to producers of wheat, milk, and other consumer goods; on pensions to hale-and-hearty veterans and on contributions to various costly welfare schemes. They have raised the income tax on corporations and higher-bracket individuals, as well as the excises on tobacco and wine. All told, they have whittled the prospective budget deficit by no less than half. "These," said the General the other day, "are harsh measures. I know only too well what they will cost many in the immediate future, but I believe them to be effective. I consider them necessary, and I am sure that in the long run everyone will benefit from the stability thus achieved."

own times in France, using that country not at all as the worst exhibit that could be found "in our time," but rather because of the great importance of France to Europe and the West.

One may see what has been happening to the franc over the years by comparing that unit with its former self. By 1954 in terms of purchasing power a franc was equal to only 1/163 part of a 1914 franc. An item which in 1914 could be bought with 100 francs, by 1938 cost 670 francs; by 1949 it cost 1220 francs, and by 1954 it cost 1630 francs. Since 1954 the process of shrinkage in buying power has continued.

Reflecting the economic, financial, and social problems generated by this dwindling of the franc's value are the following headlines taken at random from a file of 1957 newspaper clippings on France. They could be readily duplicated for other years.

French Austerity Spurred

France Fires on Inflation—Blank Cartridges?

Paris Price Curb Meets Hostility

French Miss Target in Price Fixing

France Freezes Prices in Fight on Inflation

French Labor Unrest

French Drive on Prices Jolted

Price-Wage Curb Baffles France

Rich France Economically Sick

French Exhorted to Tighten Belts

Inflation Wrings France

Sliding Wage-Scale Dilemma

As every traveler knows, the ailing franc with its foreign exchange value artificially pegged almost continuously until the last devaluation of December 1958, has fostered a widespread black market. Flouting

(CONTINUED ON PAGE 150)

Finance Minister Antoine Pinay with reporters just after announcement of the franc's recent devaluation



GILLOON

The Promises and Problems of Mechanized Check Handling

11211113311 41375097611

11000000678911

Recognize this? It's a sample of the code that may appear on checks. Here's how it originated and what it can mean to banks

THE mechanized check handling system, recently perfected by the American Bankers Association, is the answer to a problem that has grown along with this nation's proclivity for writing checks. It may easily become as important to the banking world as the dial telephone is to communication.

By the early 1950s it was clear that the rising volume of checks would reach unmanageable proportions if sorting and tallying continued to be done by hand. Three years ago Americans wrote about 9-billion checks. This year it's expected to be about 14-billion. At such a rate of increase, collection centers could soon be smothered under an avalanche of checks.

The Bank Management Commission of A.B.A. anticipated the need for a satisfactory solution before the problem became that acute. Early in 1954 it appointed the Technical Committee on Mechanization of Check Handling to find such a solution. The assignment: Develop a workable system, acceptable to the banking industry as a whole, and based on uniform specifications equipment makers would follow.

The job has now been done. The Technical Committee has compiled the detailed information and completed the technical specifications. Its final report containing all the essential data will be published within the next few weeks.

Briefly, the system is based on a numerical code that appears in a clearly defined area along the bot-

RICHARD L. KRAYBILL

tom of each check. It requires a specially designed type face and must be printed in magnetic ink that can be "read" electronically as well as visually.

It was a long, hard pull to arrive at this solution. Much of the committee's work was, of necessity, done during nights and weekends. The cooperation of many highly competitive companies was required. And each step had to be thoroughly explored and tested before final acceptance.

Immediately after its appointment in April 1954, the Technical Committee began a program to acquaint bankers and manufacturers with the project and to enlist their help. By April 1955 word had been received from 13 companies interested in participating.

Then came a series of meetings with bankers, equipment manufacturers, lithographers, and representatives of the Federal Reserve System. Many kinds of equipment and systems were demonstrated, inspected, and compared.

The first major hurdle was cleared in July 1956 with the selection of magnetic ink as the medium and the decision that the code would be in arabic numerals. This meant the code would appear directly on the face of the check and would permit visual verification as well as automatic handling. It also meant that the system would depend on

electronic character recognition. This was agreeable with the manufacturers as well as the banking interests.

In April 1957 it was decided that the code would appear in an area along the bottom of the check. By January 1958 agreement had been reached on the items to be coded, the sequence in which they would appear, and the number of digits for each item. This left only the type face yet to be determined.

In December 1958 the type face known as E-13B was selected. This distinctive style of type will be standard so checks can be handled uniformly by equipment of different manufacturers.

While the forthcoming report of the Technical Committee will describe the system in detail, many facts are already known. As a result, answers can now be given to some of the less technical questions that will be asked.

Will we have to code our checks? No, it will not be compulsory. But as more and more banks start using the code, others may find it increasingly difficult to withstand the trend. This may become especially true as the large clearing centers swing over to mechanical check handling. However, there will probably be no such pressure within the next couple of years at least.

Can we benefit from coding even if we don't plan to mechanize? Yes, you can benefit in two ways. First, the code will facilitate the manual handling of checks in your bank.

That's because all the essential information will be condensed into a uniform position on each check and can be read visually as well as electronically.

Second, you'll benefit by having checks clear faster. This will, of course, depend on how soon the clearing centers install the necessary equipment for electronic check handling. The Federal Reserve banks have shown considerable interest in the development of this system and hope to have pilot installations in some offices by 1960.

Even banks that don't plan to mechanize now will find that check coding is an important initial step toward possible future mechanization. While still in the realm of conjecture, the day may come when data processing centers will be established to serve banks within their area. This could bring automation within the economic grasp of even the smallest bank.

How will this affect us if we've already started to mechanize? This should hold no serious problems for you. It was a question carefully considered by the Technical Committee working closely with the manufacturers. In general, it will require only minor adjustments or adaptations to tie present equipment in with this check coding system. Com-

plete details can be provided by the manufacturer of the equipment you now have.

Should we have our accounts numbered? It isn't imperative, but it certainly would be wise to have numbered accounts before trying to code your checks.

But don't plunge into account numbering just for the sake of having a system. Allow at least a year for the job—preferably more. Among the problems to be considered are not only present needs, but also future growth and developments. And setting up an adequate system is just the first step. After that will come the important public relations job of selling the idea to your customers.

Among the many helpful articles BANKING has published on this subject are: *Number, Please* (December 1957); *Introducing Your Customers to Electronic Banking* (April 1958); and *Automation + PR = Customer Cooperation* (December 1958).

Must we change the form of our checks? To accommodate the code you'll probably have to change your checks. Each check must be at least six inches wide; but that should present few problems. The principal change will be in height since each check must have a

5/8-inch band along the bottom reserved exclusively for the coded information.

It is recommended that banks continue to include everything now on their checks. The code will not replace anything now included on the face of the check. In most instances that will mean increasing the height of the check to provide a free band at the bottom. And it may involve some redesigning of the face of the check itself.

Incidentally, this does not apply to 80-column punch card checks. Special requirements have been set up for coding these that will eliminate as much as possible the need for any change.

Will our transit number or routing symbol be changed? No, except in very rare cases. It is expected that altogether about 100 banks may be asked to accept a different transit number to avoid duplications in the coding. This becomes clear when you see how the information is coded.

For coding only, the transit number prefix is omitted and, in its place, appears the routing symbol. For example, take a bank with the transit number 55-579 and the routing symbol 212. When this is coded it will become 212-579. Actually, it will become 0212-0579. That's because the code provides space for two 4-digit numbers; numbers of less than four digits are preceded by zeros.

Since the prefix of the transit number is omitted in the code, there will be duplication between banks that differ only in this prefix. Here's a case in point. One bank has the transit number 29-55. Another has 50-55. Both have the routing symbol 213. The code of each bank will come out 0055-0213 unless one agrees to accept a different transit number.

The nonpar banks, having no routing symbol, will include their entire transit number in the code. The 2-digit prefix number will be preceded in the code by the number "90" to indicate clearly that it does not represent a routing symbol. Take a nonpar bank with the transit number 63-145. On the code this would appear as 9063-0145.

This coding does not replace the usual fractional representation of the transit number and routing symbol printed on each check. This

(CONTINUED ON PAGE 119)

The Technical Committee on Mechanization of Check Handling faces the successful completion of a difficult task. Seated, left to right: Raymond C. Kolb, assistant vice-president, Mellon National Bank and Trust Company, Pittsburgh; Harold E. Randall, vice-president and comptroller, The First National Bank of Boston, and chairman, A.B.A. Bank Management Commission; John A. Kley, executive vice-president, The County Trust Company, White Plains, N. Y., and chairman of the Technical Committee; and A. R. Zipf, vice-president, Bank of America N.T. & S.A., San Francisco. Standing: David H. Hinkel, assistant secretary, First National Bank of Chicago; Edward T. Shipley, auditor, Wachovia Bank and Trust Company, Winston-Salem, N. C.; L. A. Erickson, vice-president, First National City Bank of New York; Herbert R. Corey, vice-president, The First National Bank of Boston; and Melvin C. Miller, deputy manager, A.B.A., and secretary of the Technical Committee



How Europe's Common Market Affects U.S. Banking

The Possible Stimulus to American Industrial Development Abroad Will Create Opportunities for Our Banks

In writing this article, as in the case of the one on page 44, BANKING'S Washington correspondent, HERBERT BRATTER, had the benefit of his first-hand observations during a recent trip to Europe.

CHANGES in international trade initiated in recent weeks in Europe will of course, have their financial counterparts here, and U. S. banks interested in international financing will feel the effects. That the larger American banks with branches in Europe have been aware of this is indicated by various bank publications, such as the Chase Manhattan Bank's *The New European Market: What It Means to U. S. Business*, and the First National City Bank of New York's *The European Common Market*.

Many British and European banks also have been devoting special at-

tention in their periodic, internationally circulated "reviews" to the implications of the European Common Market and the proposed, widespread Free Trade Area. A number of them have issued similar analyses of trade prospects in English, for the benefit of British and American readers concerned with European trade.

Banks last year noted a considerable quickening of U. S. business interest in the incipient changes in European trade. This was reflected in the number of visiting American businessmen, marketing experts, production engineers, and the like, looking the field over after the Common Market officially came into being on January 1, 1958.

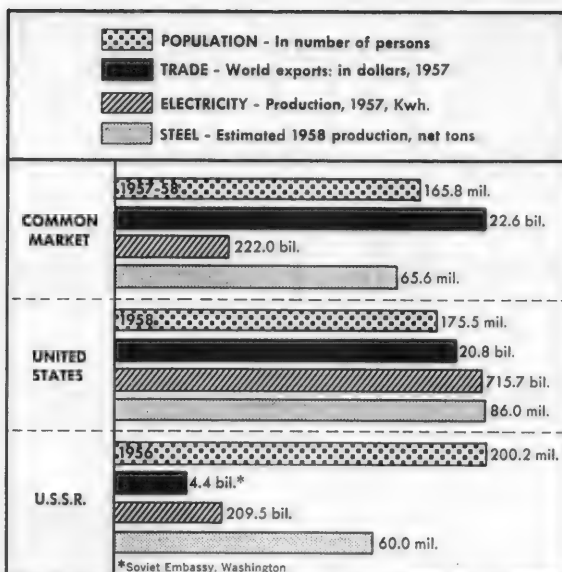
The first specific measures affecting trade to be taken by the six Common Market countries — the three members of Benelux plus Germany, France, and Italy—were the

first-stage mutual lowering of import tariffs and enlargement of import quotas as of January 1, 1959. Import tariffs of the six Common Market countries were by this step reduced by a maximum of 10%. By a special decision announced by The Six on December 3, 1958, this cut was unilaterally applied by The Six to the goods of all other members of the General Agreement on Tariffs and Trade, and of all countries with which The Six have trade agreements, including the most-favored-nation clause. The probably more important liberalization of import quotas applies only within the 17-nation OEEC area. Thus, while the tariff cut benefits U. S. trade to some extent, the quota changes do not.

The European Common Market was created by the Treaty of Rome in 1957. Its creation was a major step in a 10-year-old effort by the U. S.



AUTHENTICATED NEWS PHOTOS



Left, a map showing the six Common Market countries. Right, a chart based on data from *The New York Times*

and Europeans to bring about closer political and economic integration in Western Europe. While its name suggests that the Common Market is economic in nature, its chief architects were more concerned with Europe's political integration than its economic integration. They saw in the Common Market an indirect way of getting the results sought in the rejected EDC, the European Defense Community.

Because it was drafted by politicians rather than economists, the protective tariff provisions of the Rome Treaty threatened until December, to have the undesirable result of splitting Europe into two antagonistic trade camps and ac-

tually raised the possibility of economic warfare. This danger arose because Britain and other European countries resented the fact that, following the January 1, 1959, tariff and quota changes, their goods would be discriminated against in the six Common Market countries — mildly in the Market's early stages, but increasingly as The Six moved progressively toward their 12 to 15-year goal of, on the one hand, (a) no intra-Common Market trade barriers at all and, on the other, (b) a common tariff vis-à-vis all outside goods.

Apart from merchandise trade, Europe's Common Market, moreover, aims at relatively free move-

ment of capital and labor within its 6-country area, which implies the ultimate leveling of social policies and conditions. Theoretically, the Common Market will welcome as new members other countries, especially the UK, provided they will sign the Rome Treaty. From the start Britain, because of its Commonwealth ties, has refused to give up Commonwealth preference or to accept the social and other disciplines called for by the Common Market. As an alternative it has advocated a looser arrangement called the Free Trade Area. This would work toward a common liberal trade policy among its members, but would
(CONTINUED ON PAGE 134)

THREE OF EUROPE'S KEY CITIES

On the opposite page, left, Victoria Station in London, where a sign over the entrance says, "Direct Routes to Paris and All Parts of the Continent," symbolic of London's traditional role as a focal point for European trade and traffic. In the photo at the immediate left is the Parisian home of UNESCO. Right, the busy port of Hamburg, West Germany. Britain is the leader of the nations that have stayed out of the Common Market, France of those that have formed it. The British have contended that Europe's free trade area should embrace more than The Six, avoiding discrimination in trade among the 17 countries that have been working together in the Organization for European Economic Cooperation. Indirectly, Britain got part of what she wanted when France removed quotas from 90% of her imports from Western Europe



AUTHENTICATED NEWS

Electronic Check-Posting— Stops Errors, Speeds Processing

Installation Provides for Present Efficiency, Future Expansion

ALLEN A. GREENSTREET

MR. GREENSTREET is assistant vice-president of the National Savings and Trust Company, Washington, D. C.

THE utility and modern advantages of electronic bank bookkeeping systems are now being accepted by banking authorities everywhere. The continued evolution and expansion of these progressive record-keeping techniques may well be carefully considered and studied by every alert financial administrator.

Recently we took a good clear look at our existing mechanical machine-pay procedures for handling commercial checking accounts and found many areas which required improvement. As a result of this extensive and detailed study, we installed nine F 4212 Burroughs Electronic Bank Bookkeeping Machines especially designed to handle heavy volume commercial checking accounts. Eight of these machines are used on line work and one for training, trial balances, and miscellaneous work. These nine electronic machines replaced 20 mechanical machines.

The results in error elimination, speed, accuracy, and efficiency received from these electronic bank bookkeeping machines have more than met our expectations. In essence, we have cut posting time in half by achieving the following factors automatically: form alignment, old balance pickup, verification of correct account posting, six individual communication lights, printed audit symbols, electronic control of stop payments with printed symbols,



Holding statements used in new procedure are, left to right, Assistant Treasurer William H. Ford, the author, and Auditor William C. Creekmore

new balance extension, four-way register proof, trial balance, balance transfer, service charge posting.

There are, of course, a number of additional advantages in our new electronic system, but of particular importance is the fact that our staff formerly numbered 29 persons and now is 23. The extra employees were assigned to other departments of the bank. Of equal significance is that very little training was required to operate the new machines. In most cases our operators were doing quite well after as little as three hours' training.

Moreover, we have a concrete method of true single posting, and the speed of a posting run is almost

unbelievable compared with our previous system. Because of the local return item deadline, we must process all checks before 2 P.M. Posting our 12,000 regular and 4,000 special checking accounts must therefore be done rapidly and with absolute accuracy, and under the new system our operators are always finished well in advance of the deadline hour.

Our previous commercial checking system, mainly a mechanical machine-pay procedure, was originally adequate, but the system was showing the effects of steadily increasing work loads related to a gradual and consistent rise in number of checking account customers.

We set up our modern electronic

system gradually by first switching to an alpha-numeric account numbering system. The customers were informed of the new system and given an opportunity to make a selection from certain styles of checks. All checks and deposit tickets were imprinted and coded.

The next step was the setting up of statements such as we now use, which contain the nucleus or memory of the electronic system. This nucleus is a set of three magnetic stripes on the reverse side of the form containing the account number, check count, account balance, balance symbol, posting line selection, alert notice (if any) and code checking facility. Our machines read this information, which is electronically encoded and stored on the stripes. As the account is posted the new or up-to-date data is encoded in the stripes as well as printed on the statement and stub.

Here is how items are posted to a typical account with the electronic machines. The over-all procedure begins the previous afternoon when checks and deposits are sorted. These items are then turned over to the machine operators the following morning for posting. To post a check or deposit, the operator first picks up the account number from the item, enters it into the machine, and inserts the statement. From here on the machine takes over as it automatically and simultaneously reads and compares the indexed account number with the encoded account number, aligns the form to the correct posting line, picks up the old balance and check count, and indicates via a communication light if there is any alert on the account.

As this is rapidly taking place the operator is entering the item amount on the free keyboard without having to wait until the verification is completed. If the two account numbers do not agree, the machine refuses to pick the old balance and a communication light on the right side of the keyboard lights up to indicate to the operator that she has entered the wrong number or has selected the wrong statement. In the event of overdrafts, filled statements, or attempts to post alerted accounts, the machine also refuses to operate and an applicable communication light is turned on.

After the machine compares the account numbers and the operator

1	236.20+ #	6.65-	10-		OCT 65-	2	229.45•
3	409.27+ #	73.38-	10-	72.00+	OCT 65-	4	407.79•
3	168.33+ #	10.00-	10-		OCT 65-	4	158.23•
2	35.75+ #	10.00-	10-		OCT 65-	3	25.65•
7	91.75+ #	17.75-	10-				
		5.49-	10-	50.00+	OCT 65-	9	118.31•
12	263.59+ #	25.00-	10-		OCT 65-	13	238.49•
3	77.48+ #	20.00-	10-				
		25.00-	10-		OCT 65-	5	32.28•
14	445.09+ #	15.00-	10-		OCT 65-	16	395.89•
		35.00-	10-				
12	226.76+ #	20.00-	10-		OCT 65-	14	186.56•
		20.00-	10-	45.75+	OCT 65-	5	251.39•
4	218.72+ #	12.58-	10-		OCT 65-	7	111.55•
6	126.06+ #	14.41-	10-				
15	351.73+ A	5.55-	10-	75.00+	OCT 65-	17	416.48•
		4.50-	10-				
6	409.37+ #	15.00-	10-		OCT 65-	10	392.67•
		1.50-	10-		OCT 65-	6	18.05•
5	78.15+ #	60.00-	10-				
5	90.12+ #	98.75-#	10-#		OCT 65-	5	90.12•
		98.75-#	10-#		OCT 65-	8	445.82•
7	458.28+ #	12.36-	10-				

2nd 0.0
No. of Checks
Post
1
11,137.65•

2nd 0.0
No. of Checks
Post
1
2174.57•

2nd 0.0
No. of Checks
Post
1
210+•

2nd 0.0
No. of Checks
Post
1
2242.75•

2nd 0.0
No. of Checks
Post
1
11,253.73+•

NATIONAL SAVINGS & TRUST COMPANY
WASHINGTON, D. C.

Charged by *Any Customer*
The Bank of the *The Check Tower*

CHECKS	FEES	DEPOSITS	DATE	DEBIT	BALANCE	NOTE	UNCOLLECTED
BROUGHT FORWARD			SEP 24-5-		771.50•		
100.00-	10-						
6.38-	10-						
8.70-	10-		SEP 27-5-	3	655.65•		
10.00-	10-		SEP 30-5-	4	405.55•		
10.00-	10-						
10.00-	10-		OCT 1-5-	6	317.35•		
10.00-	10-		OCT 2-5-	7	217.25•		
12.36-	10-	241.03+	OCT 3-5-	7	458.28•		
			OCT 6-5-	8	445.82•		

IF ANY EXCEPTIONS ARE NOTED PLEASE REPORT PROMPTLY

CC - CERTIFIED CHECK OR CHECK CORRECTION
 DC - DEPOSIT CORRECTION
 EC - ERROR CORRECTION
 LB - LIST OF CHECKS
 MS - MISCELLANEOUS
 OD - OVERDRAWN
 SC - SERVICE CHARGE

NUMBER FEDERAL RESERVE SLIP 10
 NUMBER FEDERAL DEPOSIT SLIP 10

Simultaneously prepared statement and proof journal used in system provide complete information on each customer's activity. Three magnetic stripes on reverse side of statement (folded back) are key to electronic processing. All figure data and instructions are "stored" in the magnetic stripes in the form of pulses. Electronic machines "read" account number, account balance, stop payments, alerted accounts, etc.

Over-all view of bookkeeping department at National Savings & Trust Company



indexes the amount of the check, she merely depresses the last item motor bar to have the new balance computed and encoded on the magnetic stripes. The machine prints the new balance and item count on both the statement and stub, and immediately ejects the form while the operator is selecting the next statement. The identical data, besides being accumulated in the machine, is also recorded on a proof journal which is a complete and detailed record of all postings. Totals of each entry category are printed on the journal at the end of the posting run to verify accuracy of items posted.

Posting service charges and transferring balances are easily and accurately accomplished on the new machines. Service charges are first computed by the tellers and then posted to the statements each month, approximately one week to eight days after the previous month's statements have been sent out.

How It's Controlled

In our system we have accounts broken down into 48 controls, with approximately 350 accounts in each control. There is a control ledger for each group, and a master control ledger for the combined 48 controls. Each control is balanced as it is completed.

One of the biggest headaches in the previous mechanical system was the error factor related to old balance pickups, which caused us occasional embarrassment when customers received inaccurate monthly statements. In addition to customer dissatisfaction, this caused many internal accounting problems, and the location and correction of these errors often occupied a great deal of costly staff time.

Our chief objective in installing the new equipment was to secure an unquestionably accurate method of true single posting. Since errors were difficult to avoid with the operators using mechanical machines, the electronic machines, with their ability to pick up old balances and verify correct postings, were the logical solution.

The electronic equipment is, in the words of our president, Bruce Baird, "in the interest of greater efficiency in our present operations and provides for anticipated expansion."

Banking and Politics DO Mix



This question introduces the film slide presentation of one session. And later the group learns that the answer is not so shocking when it knows all the facts about being an election district worker

It isn't often that a bank encourages active participation in political life by its employees. But that's what the First Trust & Deposit Company is doing in Syracuse, N. Y., with its public affairs program from which 14 staff members were recently graduated. This is believed to be the first of its kind in the nation.

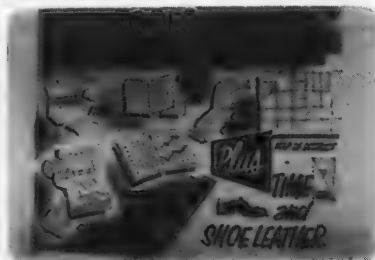
Each of the 11 weekly sessions is designed to expand knowledge and

tives. It calls for 11 weekly meetings, conferences with party or elected officials at each level of government, and actual outside political contact in the community.

A unique feature of the bank's program was in assigning outside activities in which staff members actually did many grass-roots political tasks. This was in line with the aim of encouraging them to enter actively the party of their choice through ward or election district levels or through political clubs. Such face-to-face exposure with government and the practicing politicians could even lead to their holding office in the party of their choice at some future time.

Has it been successful? President Wynkoop replies, "Our program, originally undertaken as an experiment, has proved encouraging enough so that we anticipate additional seminars of this nature as well as a continuing program of encouraging our people to maintain an interest in public and political activities."

The final payoff comes on election day, but the committeeman can't sit back and wait for that to happen. His reward will come after all the votes have been cast and better government has won the race



As the session progresses, the essential tools for a committeeman are presented along with discussions of how, when, and where to use them. Eventually they will be applied to real community situations

understanding of public affairs. And President W. Niver Wynkoop adds, "The value of our bi-partisan program is in encouraging individual participation in practical politics. It reflects the bank's acceptance of a responsibility beyond mere civic participation." He points out that the participating employees have full endorsement and support for their political activity on an individual basis.

The seminars resulted from a business climate study conducted by the Manufacturers Association of Syracuse. The study showed there was a strong political implication in the few unfavorable factors existing in the Syracuse business climate. The association concluded that local business could improve this climate by teaching practical politics to its people.

The basic plan was developed by a 9-member task force composed of large and small industry representa-



Canadian Petroleum Body Proposed

American investors, including, of course, American bankers, should be actively interested in the Canadian petroleum industry, because they have put up over 60% of the money required for the phenomenal development of the western Canada oilfields and the pipelines, refineries, and distribution facilities that have made Canada a major petroleum country. Now a Royal Commission on Energy Sources, appointed by the federal government a year ago, has recommended the establishment of a national board to advise the government on the control, development, and distribution of Canada's natural gas and petroleum resources.

Function of the Board

The board would recommend to the Trade and Commerce Minister such policies as it considered necessary or desirable "for the control, supervision, conservation, use and development of energy and sources of energy and for the production, recovery, manufacture, processing, distribution, transmission, sale, purchase, exchange, disposal, import or export of energy within, to or from Canada." It would have power to grant, revoke or suspend licenses to import and export oil, gas or other forms of energy and to move oil or gas across provincial boundaries by pipeline.

Exchange of Nonvoting Observers Proposed

A novel departure in Canadian-U. S. relations was recommended by the commission. It suggested that, when the National Energy Board is set up by legislation, reciprocal arrangements be made with the United States whereby a member of the U. S. Federal Power Commission might sit on the board as an observer without vote whenever an application for a license to import or export natural gas comes under consideration. Similarly, under such an arrangement, a member

of the Energy Board would act as an observer without vote when the Federal Power Commission was hearing the correlative application for a U. S. import or export license.

Mixed Reaction to Report

The reception accorded the commission's report is decidedly mixed. An executive of one of the major oil companies informed the writer that the integrated industry is generally disappointed with the commission's recommendations. All through the commission's hearings the industry opposed the establishment of a national energy board, which it felt could exercise control over its operations of the most complex character and so interfere with these, perhaps to the point where new private financing would be difficult. On the other hand, a small group of independent oil producers in western Canada find some encouragement in the commission's report that their agitation to move western Canada oil through a new pipeline to Montreal will be implemented, even at the expense of oil consumers in that market. At present this market is supplied by foreign crude, mainly Venezuelan.

American Interest: Supply to Western States

From the American point of view, interest in the matter is mainly in the prospective supply of natural gas from western Canada to the northwestern and midwestern states. The commission recommended that this movement be undertaken, but the Federal Power Commission in Washington regarded the present supply as inadequate, although recognizing that eventually western Canada could meet the requirements of those states.

Canada Wants More Commonwealth Business

Considerable thought has been given in Canada to new and broader relations with the British Com-

monwealth for the purpose of extending trade and finance over its vast area, which has a population of over 600,000,000 and accounts for about 40% of all world trade. Last September a Commonwealth conference was held in Canada and, while no concrete steps were taken to enlarge trade in this area, steps were taken for continuous study in this direction, and the Canadian Prime Minister is now on an air-tour through several Commonwealth countries, as well as Continental Europe, for discussions along this line.

U. S.-Canadian Closeness Must Be Preserved

But it should be emphasized that there is a growing opinion in Canada that this country must continue the close trade and financial connections it has developed with the United States over the past two decades. At Montreal the Commonwealth itself emphasized repeatedly that participation of the U. S. in Commonwealth trade was essential, that exclusion of the U. S. from it could not be contemplated. Closer economic partnership between Canada and the U. S. then should serve Commonwealth aims and it also would serve to protect Canada against the growing dangers from Russia's emergence into the arena of world trade. The beginnings of such closer economic union may be seen in many places already, for there are various official and unofficial joint Canada-U. S. groups, all of which have served good ends, and many of which have worked very well indeed.

So it is argued that Canada's freedom and Canada's trading security will be assisted through continental economic unity, and that more, rather than less, world trade will result by trying to solve problems through regional partnership, rather than in the splendidly uncomfortable isolation of independence.

Educators Meet Bankers

Inviting College Teachers to Banker Meetings Can Pay Rich Dividends

DOUGLAS G. HERRON

The author is a member of the staff of the American Bankers Association's Council on Banking Education.

“ONE of the problems with which we must come to grips is that of our relations with educators.” Thus spoke then President Joseph C. Welman in addressing a meeting of state secretaries on April 22, 1958.

“For years,” he pointed out, “we have been complaining that teachers are indifferent—even hostile—toward banking; that the subject of money and banking is poorly taught in our colleges; and that students emerge from our public schools and universities with little understanding of the functions of banking and with a negative attitude toward it.

“It is high time to stop griping about the situation and to do something about it,” declared Mr. Welman.

The Council on Banking Education, during its first year, has “done something about it” and the results have been most encouraging. One of the most direct approaches to the problem has been to invite college deans and professors to A.B.A. working conferences and to The Graduate School of Banking sessions.

Recognizing the necessity for working through other A.B.A. units in order to achieve large-scale progress, the Council has encouraged and supported the invitational activities of G.S.B., the Trust Division, and the Agricultural, Credit Policy, and Instalment Credit commissions, as well as extending its own invitations where appropriate.

Graduate School of Banking

Last June three money and banking professors were invited to spend a few days at the G.S.B. as guests of the School. The visitors

sat in on lectures and discussion groups, dined with faculty and students in Commons, and joined in the evening bull sessions. On the last day of their stay they met with officials of the School to give their reactions and discuss ideas for improving the School.

Our G.S.B. visitors were interested in observing adult professional education techniques as well as in hearing lectures by leading authorities on subjects in their fields of specialization. From the standpoint of bankers' associations, inviting college teachers to bankers' schools is an effective way to demonstrate the career opportunities in banking open to college graduates. It also gives banking leaders a chance to meet potential lecturers and speakers for bankers' schools and meetings.

Agricultural Commission

The Agricultural Commission has had a very favorable relationship with the land-grant colleges for a number of years. The A.B.A. president annually appoints five representatives of agricultural colleges as advisers to the Commission. Several state bankers associations also have land-grant college personnel serving in an advisory capacity to their agricultural committees.

In line with the Council's program, eight professors from as many Midwest land-grant colleges were guests of the Association at the Seventh National Agricultural Credit Conference held in Omaha, November 17 and 18, 1958.

These teachers of farm finance rubbed shoulders and exchanged ideas with some 650 bankers from all sections of the country at the informal discussions. One teacher wrote:

“The conference was stimulating for two reasons. First, it afforded



Midwestern law school deans lunch with their banker hosts at the Mid-Continent Trust Conference in St. Louis last November. (See December 1958 BANKING, p. 120, for a more detailed report)

me the opportunity of meeting many interesting people in the field of banking. Second, it gave me new insights on current problems in agricultural credit. I feel that this experience will enable me to do a better job in teaching my agricultural finance courses. In addition, it provides the basis for ideas in planning research work in agricultural credit here at the University."

Also attending the Omaha Agricultural Credit Conference were 12 other persons representing land-grant colleges. Three of these were on the formal conference program and the others attended either as guests of state bankers associations or at the expense of their institutions.

The Agricultural Commission is planning to invite a fairly large number of college professors to the Eastern States Agricultural Credit Conference being held in New York on March 30-31, 1959.

Trust Division

The Trust Division invited deans of the northeastern law schools to the Midwinter Trust Conference in February 1958. Several attended. Deans and professors of southeastern law schools were invited to the Southern Trust Conference in Atlanta in May 1958. Three men attended.

A change in approach for the Mid-Continent Trust Conference in St. Louis in November 1958 produced greatly improved results. Local groups and some individual trustmen were asked to bring designated professors. One state bankers association invited four deans, and two accepted. In other areas local corporate fiduciaries associations invited the deans. Individual trustmen made the arrangements in the name of all the local trust departments in still other cases.

As a result, 19 deans or law professors, including one speaker, were present. A trustman acted as unofficial host to each professor throughout the conference and an informal luncheon was held for the educators and an equal number of trustmen.

The professors were impressed. They were particularly interested in learning more about the practical operation of trust departments. The trustmen, in turn, not only became more aware of the legal profession and the men who train its members but they had the opportunity to



Eighteen agricultural educators from 13 land-grant colleges attended the National Agricultural Credit Conference in Omaha last November. *Left to right, seated:* A. T. Anderson, U. of Illinois; J. H. Atkinson, Purdue; H. W. Ottoson and W. V. Lambert, U. of Nebraska; R. A. Bailey, Ohio State; R. P. Dahl, U. of Minnesota; L. L. Arnold, Ohio State; H. S. Whitney, Texas A. and M. *Standing:* M. L. Otto, Kansas State College; A. Vanvig, U. of Wyoming; F. E. Price, Oregon State College (and board chairman, Citizens Bank of Corvallis); H. B. Howell, Iowa State College; C. E. Klinger and E. R. Kiehl, U. of Missouri; C. M. Johnson, South Dakota State College; I. F. Davis, Colorado State; H. H. Ramsbacher, Kansas State College; and T. R. Timm, Texas A. and M.

become acquainted with people to approach when complicated problems arise, legal or legislative. In addition, it is hoped that banking will be able to attract more and more outstanding young lawyers from the law schools where the deans and law professors know and understand the work and aims of trustmen.

Following the successful pattern used in St. Louis, the Trust Division plans to invite professors from all approved law schools to trust conferences held in their vicinity so that eventually the entire United States will have been covered.

Credit Policy Commission

For the past few years the Credit Policy Commission has provided complimentary registrations for the

National Credit Conference to approximately 10 professors teaching economics or finance in the Chicago area. The list of names of educators to be invited has been prepared through the cooperation and initiative of Joseph J. Schroeder, secretary of the Association of Reserve City Bankers.

Mr. Schroeder recently polled professors who had attended in the past. He received such an enthusiastic response that the Council on Banking Education, with the cooperation of the Credit Policy Commission, expanded the invitation list for the January 22-23, 1959, conference to include 19 professors from numerous other midwestern colleges.

Plans for the attending educators included a luncheon with some of the speakers and Association officers.

Grass Roots Cooperation

Obviously the A.B.A. can reach only a limited number of educators directly in a program of invitations to conferences. Many local groups, through similar action, have already experienced some of the benefits to be reaped from such a program. The Association hopes that state and local associations and individual banks throughout the country will take the initiative in their areas by developing further this most effective method of building better and more fruitful relations with college educators.

A Basic Check List For Drive-In Success

JOHN J. McCANN

This is another report in a series covering the results of a national survey of 1,400 banks which have drive-in installations. The second article in the series appeared in BANKING, August 1958.

VOLUME of activity should be the obvious barometer of success for all types of motor banking. In most cases it is. Yet, it is not easy to judge from this charted response to our national survey exactly when an operation can be called profitable. Many banks contributing to these statistics were reporting on newly installed service, and it does take time and active promotion to get any new service rolling.

A large number of banks quite frankly admit restricting drive-in window service because of its newness, lack of adequate facilities, or simply to encourage more lobby

traffic at new branches or main office buildings. A number of banks bucking midtown traffic problems frankly admit encouraging the use of their facilities by commercial customers, which means one transaction may represent many times the deposit volume of small individual accounts.

There are many other qualifying reasons why daily activity may be low. Some banks admitted installing drive-in service for strictly competitive reasons—e.g., just to hold a customer who may desert to a nearby bank that has drummed up a thriving business by serving customers through their car windows. The motorist today is very elusive. The duel is often won by promotion, location, and the satisfaction of the customer through conveniently available services.

The traffic pattern leading to any bank's drive-in facilities may seri-

ously affect its daily volume. If either the entrance or exit to the window service is jammed up, and seems to cause more time and trouble than the service may be worth, its value to the customer will be little. Some banks reported installing windows on the wrong side of the traffic flow, forcing the driver to leave his wheel and stretch through his right car window to transact business. Some of these scored a higher than average volume of drive-in business.

Drive-in activity is also restricted, often for good reason, by limiting the services available through the window. It is difficult to get personally acquainted with a customer or client by serving him only when he is on the go.

In the accompanying table, each column of figures in our statistical report gives conclusive evidence that

(CONTINUED ON PAGE 168)

Peoples State Bank of St. Joseph, Mich., offers motorist a 3-lane drive-in branch. A walk-in lobby is on the extreme right. Parking is at the rear



Fairway Park Shopping Center branch of Wells Fargo Bank has both a drive-in window and parking space available for its customers. The location is Hayward, Calif.



Tabulation of Third Section of a 35-Question Survey by Bank-Size Groups

(Questions 7 to 13 appeared in August 1958 issue)

Question	Unclassified	Under \$10 Million	\$10-\$25 Million	\$26-\$50 Million	\$51-\$75 Million	\$76-\$100 Million	Over \$100 Million	Total
(14) Approximate number of vehicles using drive-in facilities per day:								
Less than 10.....	1	40	2	5	0	—	1	49
10 to 25.....	10	67	13	4	2	1	5	102
26 to 50.....	12	101	31	7	3	1	13	168
51 to 100.....	10	140	86	45	7	1	36	325
101 to 200.....	14	77	139	59	11	10	75	385
Over 200.....	11	24	102	74	25	19	67	322
(15) % of these vehicles that are trucks:								
High.....	25%	25%	50%	50%	20%	25%	20%	—
Low.....	1%	1%	1%	1%	1%	1%	1%	—
Average.....	6%	7.4%	8%	9%	7.9%	8%	8%	—
(16) Time of day these facilities are most active:								
Early morning.....	21	192	182	75	28	14	87	599
Mid-day.....	40	204	221	113	35	24	124	761
Afternoon.....	19	211	211	109	27	25	118	720
Evening (if open).....	15	126	95	37	11	11	45	340
Day of week on which they are most active:								
Monday.....	34	289	263	136	42	28	162	954
Tuesday.....	12	86	72	47	14	15	52	298
Wednesday.....	6	56	53	37	8	8	45	213
Thursday.....	9	99	90	44	20	12	72	346
Friday.....	37	294	275	142	44	30	170	992
Saturday.....	15	177	127	57	6	2	25	409
(17) Are the facilities functioning only during banking hours?								
Yes.....	56	351	292	143	40	22	155	1,059
No.....	5	84	69	32	7	5	19	221
(18) Services available at drive-in windows:								
Accept savings & commercial deposits.....	61	425	357	175	46	33	172	1,269
Cash checks.....	59	419	352	167	47	31	172	1,247
Pre-arranged payrolls.....	31	202	263	135	36	26	139	832
Accept loan payments.....	37	293	270	140	43	28	108	919
Savings withdrawals.....	34	298	194	76	26	17	15	660
Open new accounts.....	17	119	93	13	8	5	29	284
Safe deposit rental.....	7	84	71	42	14	9	34	261
(19) Does facility maintain signature card files:								
Yes.....	14	111	81	46	12	8	60	332
No.....	44	335	279	148	39	24	120	989
Are checks cashed for non-depositors?								
Yes.....	34	272	215	89	27	18	84	739
No.....	20	155	145	89	20	12	95	536
(20) Time limit on drive-in transactions:	1 to 3 min.	2 min.	—	—	—	4 min.	2 min.	—
(21) % of daily activity serviced through drive-in:								
Replies.....	34	337	300	149	37	20	123	1,000
High.....	45%	55%	65%	75%	50%	70%	50%	—
Low.....	1%	1%	2%	1%	5%	4%	1%	—
Average.....	18%	17%	23%	20%	18.4%	23%	19%	—
Has it contributed to growth of new business?								
Yes.....	41	328	303	150	31	22	137	1,012
No.....	7	62	23	14	2	3	18	129
Has it led to growth in existing types of business?								
Yes.....	34	252	240	127	34	16	116	819
No.....	5	74	46	19	2	6	29	181

Figures compiled from BANKING'S survey by the Statistical Tabulating Corporation, Chicago.

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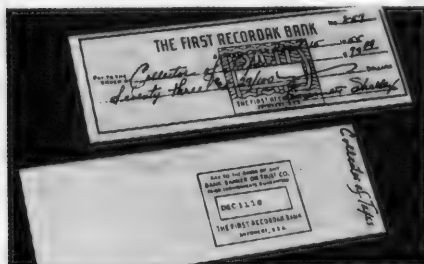
offer lets you try the Reliant Microfilmer before you buy it! Mail coupon below and learn how you can job-test the Reliant in your bank. There's no obligation whatsoever.



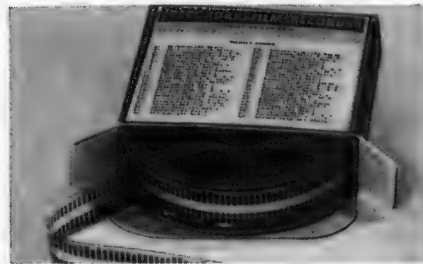
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New York Stock Exchange Information Program

Courses on investing, without any pressure to invest, are being expanded to reach the 16-million families which now own no stock

WITHIN the next few months, member firms of the New York Stock Exchange, organized in investors' information committees in 75 cities throughout the United States, will be equipped to provide instructors for investors' courses which may be given in adult evening schools and to cooperate in family finance courses sponsored jointly with other groups which may have as many as 1,000,000 participants.

Currently, this educational program has been thoroughly tested and is reaching more than 225,000 people who may be enrolled in evening adult schools or in forums sponsored by A.I.B. chapters, libraries, corporate management groups, medical and dental societies, women's clubs, or by groups of brokerage firms themselves. When the Investors' Information Program is given as a course in adult evening schools, for example, it is planned to cover nine weekly sessions at which representatives of member firms are the speakers.

Aim: Useful Information

The objective is not to encourage people to buy any particular stocks or bonds or to make any kind of investments. Rather, it is to provide general useful information as indicated by the subjects covered in the 9-lecture adult course. They are "Why Stocks and Bonds?" "Types of Securities—the Risks and Rewards," "The New York Stock Exchange and the Broker," "Objectives of Your Investment Program," "Information Investors Should Have and Where to Get It," "How to Read the Financial Page," "How to Read and Interpret Financial Reports," "Sound Methods of Investing," and "Advanced and Speculative Investing Techniques."

When cooperating with banking groups or with women's clubs in providing investment information in a family finance course, the 9-lecture program is condensed to show

the appropriate role of investing in a family financial program. There are now more than 2,000 qualified teachers available from the New York Stock Exchange investors' information committees.

While the educational program has been planned to be given without cost to participants as a public service of the Stock Exchange, in some adult schools, for example, a fee is required through local regulations to cover the cost of janitorial service, heat, light, etc. A fee is also sometimes charged when the course is given through the extension division of a college or university. The response to these courses has been so great as to overtax capacity; and in some cases, the fees were more than enough to cover charges made by school boards or colleges. The surplus funds collected at the University of Connecticut, for example, where the registration reached 300, were voted by the investments class to be used for investment in stocks, and the dividends earned from these stocks to buy books on investments for the library. One application of this investors' program that has proved most popular has been on military posts, even in Korea.

Survey Uncovers Potential

The investors' information program being carried on by the New York Stock Exchange was triggered by a nationwide public opinion and market survey which revealed that 16,000,000 nonstock-owning families had little or no information on how to go about buying stocks or securities. The answers given in the survey indicated a vast potential market for the sale of shares and securities representing ownership in American business. About that time, the New York Stock Exchange was carrying on an intensive program with the slogan, "Own a Share in America," which was merchandising the idea of buying stocks

and bonds on a monthly payment basis. The problem of how to contact 16,000,000 potential customers was a big one, and it was studied carefully.

Liquidity Emphasized

In teaching their course on investing, New York Stock Exchange member firms stress the importance of families having adequate funds available for immediate or emergency use in the form of bank accounts or other liquid assets. They point out that the people who are financially able to invest are those whose income seems assured, who are meeting current obligations, and who have set aside cash reserves to meet contingencies, and they emphasize that no two families are exactly alike. When families have surplus funds, they advise the advance determination of financial goals—for example, to decide whether or not the family wants additional income to pay for such things as college costs or to launch a career, or it may be that investments are wanted to get an early start in building an estate.

While the course instructors representing brokerage firms advise participants to consult with representatives of registered Stock Exchange firms, they also encourage people to provide themselves with information from other services, which may include business pages of local newspapers, national magazines, or publications specializing in the business and securities field.

The results being obtained in the current Stock Exchange-sponsored Investors' Information Program may indicate a use that bankers and other business groups can make of information as to potential customers through market research.

Anyone interested in an Investors' Information Program may write to the New York Stock Exchange, Department of Public Information, 11 Wall Street, New York 5, N. Y.

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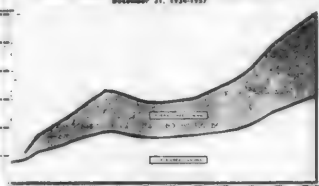
For all the facts about ThriftiCheck, write for this free brochure. It tells at a glance how ThriftiCheck can promote more profits for your bank.

Who has the last word

ON HOW BANKS CAN BEST MEET COMPETITION?

Credit Unions' Spectacular Growth

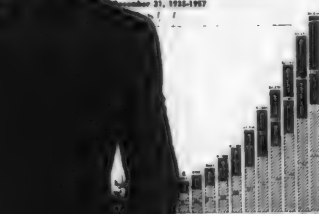
TOTAL NUMBER OF FEDERAL AND STATE CREDIT UNIONS
December 31, 1934-1957



TOTAL MEMBERSHIP OF FEDERAL AND STATE CREDIT UNIONS
December 31, 1934-1957



TOTAL OF FEDERAL AND STATE CREDIT UNIONS
December 31, 1934-1957



A Research Council Report

THE fact that credit unions are growing at a faster rate than any other financial institution has aroused the interest of many bankers. In line with its policy of bringing significant developments in the financial structure to the attention of the membership, the Research Council of the American Bankers Association, therefore, has just published a booklet, *Credit Unions*. The purpose is to acquaint bankers with facts about the operations and growth of these institutions.

The booklet consists of charts with brief explanatory comments, as well as general background information. Of a total of 75 pages, there are 50 pages of charts and tables covering the number and membership of credit unions, their assets and liabilities, savings operations, lending operations, income and expenses, liquidations, and borrowings. A few of the charts are reproduced on these pages. They illustrate some of the growth trends.

The facts of credit union development obviously are of particular interest to banks engaged in the savings and installment lending fields. Organized as self-help cooperative societies under Federal or state laws, with no capital requirements and only nominal chartering restrictions, credit unions pool the savings of their members to lend to members in need of credit. In recent years they have made significant advances in these fields, although they still account for only a small proportion of the liquid saving and installment lending.

A few facts can be cited as illustrative of the picture at the close of 1957, as set forth in the Research Council's booklet.

There are 18,200 credit unions—double the number a decade ago.

They have almost 10,000,000 members—triple the number a decade ago.

BANKING

The ABA Research Council's continuing factual studies on competition facing banks were highlighted in these two articles which recently appeared in *BANKING*.

New S & L Study

THE Research Council of the American Bankers Association has completed and is making available to A.B.A. member banks a new study, *Savings and Loan Associations*. Dr. Roy L. Hoverson, vice-president and economist of the Bankers Trust Company, New York City, is chairman of the Research Council.

The study was prepared by the Research Council at the request of the Savings and Mortgage Division to provide bankers with factual information leading to a better understanding of the recent substantial growth of the savings and loan industry and trends in the field, with particular emphasis on developments since World War II. The study is contained in a 61-page booklet which is largely a graphic presentation with brief textual comments. It covers both federally and state-chartered associations.

Three of the booklet's charts appear at the right.

A 12-page introduction defines savings and loan associations, traces the development of the savings and loan movement in this country, and describes in considerable detail the savings and loan system as it exists today. Information is presented on the chartering, branching, nature and type, liquidity and safety of share accounts, and on Federal income taxation of savings and loan associations.

Federal Home Loan Bank Board credit policy and individual state regulations applying to branching and mortgage lending are summarized in appendix. A 3-page bibliography is a guide to literature in the field.

The booklet is being distributed to about 3,500 A.B.A. member banks and bankers working particularly in the savings and mortgage field. One copy will be sent without charge to each A.B.A. member bank requesting it, and additional copies are available to member banks at \$1 each.

60

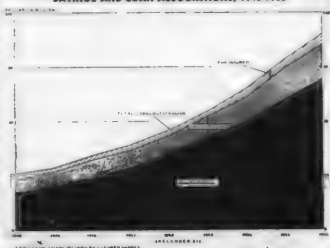
NUMBER OF SAVINGS AND LOAN ASSOCIATIONS, BY CLASS OF ASSOCIATION, 1932-1956 (DEC. 31)



NUMBER OF FEDERAL AND STATE SAVINGS AND LOAN ASSOCIATIONS, BY STATE, DECEMBER 31, 1956



MORTGAGE LOANS OUTSTANDING, BY TYPE OF LOAN, ALL SAVINGS AND LOAN ASSOCIATIONS, 1948-1956



BANKING



...thanks to the work of the Research Council of the American Bankers Association in studying the increasing competition which banks face today.

Recently the Council compiled and published essential facts on savings and loan growth—one of the most challenging competitive problems of banking.

It has just made available a similar factual study of another growing competitor—the credit union.

The Research Council will follow up these studies with interpretation and analysis to help banks meet these sources of competition effectively.

These surveys represent only one phase of the Research Council's work to keep banks alerted to important changes on the economic and banking scene. *Future issues of BANKING will keep you informed of the Council's findings—and what they mean to your bank!*

**Work of the ABA's Research Council and
its related branches includes:**

- Studies in Treasury and International finance
- Analysis of economic and credit conditions
- Analysis of long-range developments in the financial structure
- Market Research in the financial field
- Fact-finding for legislative activities
- General advisory service on financial matters

*Largest paid circulation of any
publication in the banking field.*

BANKING

Journal of the American Bankers Association

This is one of a series featuring the broad research activities of the American Bankers Association



ELECTRIC TYPEWRITER COMPARISON CHART

	SMITH-CORONA	Brand A	Brand B	Brand C	Brand D
AUTOMATIC MARGINS Simple one-hand, one-step operation.	YES	NO	NO	YES	NO
SIGNAL LIGHT Positive visual indication if motor is ON or OFF.	YES	NO	NO	NO	NO
TOTAL TABULATOR CLEAR Clears all stops instantly without moving carriage.	YES	NO	NO	NO	NO
ERROR CONTROL Simplifies correction of errors and line justification.	YES	NO	NO	NO	NO
BOTTOM MARGIN INDICATOR Page Gage accurately indicates bottom margin.	YES	NO	NO	YES	NO
88 CHARACTER KEYBOARD Standard at no extra charge.	YES	NO	YES	NO	YES
KEYBOARD SLOPE Key top slanted to fit natural movements of fingers.	YES	NO	NO	NO	NO
ROLL-FREE ACTION Releases typebar cams with no "scuffing" action.	YES	NO	YES	NO	NO
SAFETY COVER Motor shuts off when cover is raised to change ribbon.	YES	NO	NO	YES	YES
CUSHIONED TOUCH Eliminates jar to sensitive finger tips at end of each stroke.	YES	NO	NO	NO	NO
THE WORLD'S FASTEST ELECTRIC TYPEWRITER	YES	NO	NO	NO	NO

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Before you buy, compare Smith-Corona with any other electric typewriter made!

Feature for feature, point for point, *compare* the Smith-Corona with any other machine on the market today. You'll see why the Smith-Corona is not just equal, but *superior* to every other brand! Before you buy an electric typewriter, call your Smith-Corona representative for a demonstration of the many exclusive features that make Smith-Corona today's *most advanced* electric typewriter!

Smith-Corona Electric



BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Business Building Bulletin

FEBRUARY 1959

How to Make Market Research Work for You

MR Is Becoming a Necessary Adjunct to PR

G. EDWIN HEMING

MR. HEMING is manager of the American Bankers Association's Advertising Department.

IN last month's issue of *BANKING*, a feature article entitled "Prospecting for More Bank Business" pointed out that great progress has been made in the science of bank market research, *but not in the art of making practical use of it*. An editorial foreword added: "Too often the information finds its way quickly to a library shelf where the only attention it gets is from the cleaning woman when she comes around to dust it off."

The article related the findings of a 1958 market research survey made in Medina, Ohio, a town previously surveyed by *BANKING* in 1946. The study sought to compare the findings of both surveys as to the social and economic characteristics of the families of Medina, the familiarity of those families with banking services offered by local banks, as well as the extent to which those services were used.

As Medina is a town of 8,092 population with 2,140 families, is served by two banks and a savings and loan association, and is located in an agricultural area, with a variety of manufacturers within the city having normal utilities, highway, and rail service, it can be considered a good "average" community. For that reason suppose we examine the survey as if it had been made in your community and an-

alyze it and explore it to discover the opportunities it may suggest for making the market research findings pay off.

Perhaps you may find it helpful to have a copy of last month's article handy for reference as we make this exploration together. If so, please turn to page 66 of the January issue.

First, let's see what general conclusions can be drawn from a comparison of the two *BANKING* studies made in Medina. Then we can discuss specific recommendations for future beneficial action.

Good Job in Medina

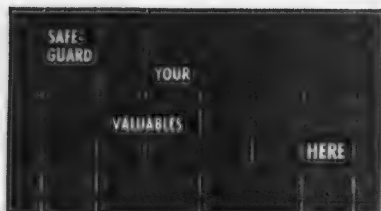
It is immediately evident that the banks of Medina must have done an excellent job of public education, goodwill building, and merchandising, for the survey shows that competition has not gained a great deal of ground compared with the national picture. Furthermore, 39% of the families expressed their attitude towards banks as "excellent," 51% as "good," 10% as "fair," and none as "poor."

The public's outstanding appreciation and use of the services the banks render is borne out by these facts: There are only 8% of the families in which neither adults nor children have savings accounts. Of the families that do have savings accounts, 96% have those accounts at banks. Also, 70% of the families have checking accounts; 88% of those planning to build a home

would go to a bank for the mortgage financing; 68% of the families believe that it is more economical to borrow at the bank than anywhere else; and 40% say they can get the money quicker at the bank. For emergency loans, 75% would go to the bank in preference to going to any other source, while 84% of the families feel well enough acquainted at their banks to qualify for an immediate loan.

It seems logical to suppose that if a survey of your trading area were to show as favorable public attitudes as the Medina survey, your local banking institutions are succeeding in conveying a positive public image of the banker and his wares. But if such is not the case, it behooves you to take a long, fresh look at your public relations and promotional efforts and reappraise and revise your program. A good first step in this direction would be a study of the A.B.A. public relations manuals, beginning with Number 1, "Planned Public Relations: The Way to Win Friends and Build Business for Your Bank." A copy of the A.B.A. self-audit checklist of public relations activities would also be helpful in this connection.

Again, looking at the Medina survey, the second general observation of importance is that between 1946 and 1958 banking by mail has increased from 3% to 84%. One significant aspect of this statistic is that it has a negative side which requires some positive action. This



Statement inserts on a variety of services are effective. This A.B.A. leaflet on safe deposit box use is 6 $\frac{3}{8}$ " x 3 $\frac{1}{2}$ "

fact was brought out in a recent talk by Robert Lindquist, vice-president of the Harris Trust and Savings Bank of Chicago, at the 20th annual Bank Study Conference at the University of Michigan.

Mr. Lindquist asked the question, "What is your bank doing to offset the negative aspects of banking by mail and drive-in service?" He went on to say:

"This may sound like a trick question to you. How can there be any negative aspects to the very fine and convenient service we offer our customers through banking by mail, drive-in windows, and special depositories?"

"But there is another side to these new developments which you must not overlook if you are to get the point of this question.

"Every time a customer takes advantage of one of these conveniences, we lose an opportunity for warm, human contact. You say that we have direct customer contact at a drive-in window, but it's through

One of several posters on home repairs. Actual size: 21 $\frac{1}{2}$ " x 31 $\frac{1}{2}$ "

It's SPRUCING-UP time



For your house, too! Why delay? First, get estimates on needed work; then get figure-facts on a Home Repair Loan from us, and you'll get the job done economically!



bullet-proof glass, a microphone and a sliding tray—a combination that does not permit a handshake. Furthermore, the customer does not come into the bank lobby where he can see the other members of our staff and be exposed to many additional services that are available to him.

"The problem is much greater for customers who bank by mail, because to them the bank is nothing but a mail box.

"We must replace this lack of personal contacts by other means. Certainly no acknowledgement should be mailed without an enclosure of some kind. Customers should be contacted by an occasional warm letter of appreciation, even personal calls in many cases. Informal and friendly mailing pieces will tell the customers about our other services. An invitation should be extended to come into the bank whenever they are nearby, or to attend an annual open house."

Useful Statement Inserts

We might add as a footnote that the monthly statement offers an excellent opportunity to keep your customers—your best prospects for multiple use of your bank services—aware of the many things you can do for them. Statement enclosures are widely used by banks both large and small.

I. I. Sperling, vice-president of The Cleveland Trust Company, writes:

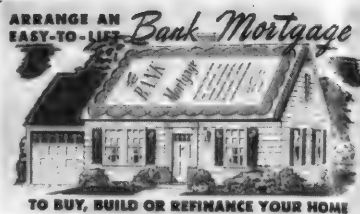
"We have been consistent users of commercial statement enclosures for many, many years. Many of these have been purchased from the A.B.A. for use on an exclusive basis in our market area.

"We consider this an excellent method of reaching our checking account customers with messages about bank services, at no extra cost for postage."

A. B. Moore, cashier, First State Bank of Indianoma, Okla., says:

"We have always received excellent results from statement inserts." And Jack A. Donis, vice-president of the First National Bank of Elkhart, Ind., in commenting upon the use of the safe deposit folder shown here, said:

"This A.B.A. statement enclosure is the best one we have ever used on safe deposit boxes, and we have used it at our bank with a great deal of success."



This A.B.A. bank mortgage folder is 6 $\frac{1}{4}$ " x 3 $\frac{1}{2}$ "

The A.B.A. Advertising Department's files are replete with testimonials lauding the value of statement enclosures. Whether you or your advertising agency prepare your own, use those syndicated by the excellent firms specializing in this field, or make your selection from the many direct advertising folders, booklets, and blotters your A.B.A. Advertising Department prepares for your use—here is a medium of contact with your customers that should not be overlooked.

Direct mail pieces, enclosed with letters signed by a bank officer soliciting special types of banking business from people who do not have accounts with the bank, have proved most productive. It makes a person feel more important to receive an invitation from a bank officer to come in and transact financial business, while the enclosure extols the virtues of the bank service being offered. Bankers have told us that the letter and folder are a winning combination.

A further use for folders, inserts, blotters, and booklets is on depositors' desks and counters in the bank. More and more banks are also having tellers insert advertising pieces in savings passbooks when deposits or withdrawals are made. Again, as in the case of statement enclosures, there is no extra postage cost. In fact, you even save the cost of

Safe deposit box display, Bowery Savings Bank, New York



an envelope. Did you ever check your records to see how many of your savings depositors do not have checking accounts, safe deposit boxes, personal loans, or do not use other services you render? It might surprise you to find the number of prospects you have in this fertile field.

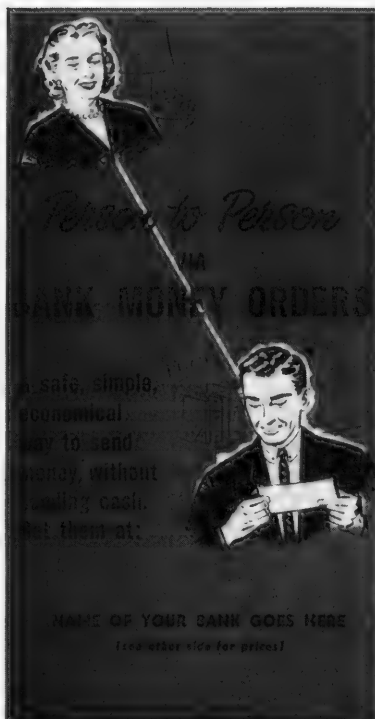
A marketing survey is a gold mine for the prospector who carefully digs into the facts he has gathered. In the Medina survey we found that 74% of the families own their own homes, and 83% of these families have not made major improvements in the last year. Of the home-owning families 11% said they would make improvements during the coming year. One-third of these said they would finance the cost through a bank. Undoubtedly, even among the group not presently planning home repairs, there are many who should be doing so to keep up the value of their property. Some friendly persuasion on your part through advertising could easily bring results.

Choosing Media

Where should your home repair loan advertising appear? If a survey is made for your bank and you obtain a list of the families contemplating improvements, your best bet is to use direct advertising pieces enclosed with direct mail letters. If your local survey does not include the names of the prospects, what medium does it indicate as your most likely advertising channel for getting a positive response? The Medina survey shows that, of the number of families who remember seeing bank advertising, 2,020, or 94%, mentioned newspaper ads; 79% remembered direct mail pieces; 62% television; 52% billboards; and 17% radio. The percentages may be different in your town or city, but it's a pretty safe supposition that newspapers and direct mail will be at the top of the list, as it has shown up in the national surveys of bank advertising made by the A.B.A. each year.

Whatever the best media may be for you, your own survey will shed light in that direction if you include the right questions, and the answers can be your guide for reaching your prospects.

Another method of getting your home repair and improvement story across to the public is at home



Available as an insert slip or a blotter;
3 1/4" x 6 1/8"

shows, fairs, and exhibits. The A.B.A. "glass house" display, which may be rented by member banks has "stolen the show" wherever it has been featured. It consists of a transparent lucite miniature house which can be filled with coins. Prizes can be offered to the person guessing the closest to the exact amount. In addition to each person's name, address, and the amount of his "guess," you can include a line asking whether the person is a renter or a home owner. If the latter, you can include a second question as to whether or not he plans to finance home repairs and improvements during the coming year. A good prospect list can be developed in this way.

Contests Draw Attention

If the practice is legal in your state, you may wish to offer a prize for the best remodeling job reflecting home improvements. Here you would ask that photographs be submitted showing the home before and after the improvements were made. Perhaps members of the local real estate board might act as impartial judges.

How are your contacts with building supply dealers, contractors, car-

penters, masons, builders, electricians, plumbers, and other artisans in the building field? Do they know that you make low-cost loans to finance home repairs and improvements? Do you keep them supplied with literature which they can send out to their prospects along with their own material? Have you made any arrangements for direct financing through these contacts?

Are you using your lobby or windows to display posters featuring home repair service? Such posters are most inexpensive and effective. They enable you to make use of space that costs you no rent and for which national advertisers would be willing to pay a good price to display their products or services.

So much for the home repair picture. There are, of course, many other ways to get this business, but these few examples will serve to highlight how you can put market research to practical use.

In the survey under study only 180, or 8%, of the families plan to buy or build a home during the coming year. If you are in a position to help finance local home building and purchasing, and your local survey showed even this limited market, you would do well to advertise and publicize your desire to supply mortgage money.

Some of the suggestions previously made for merchandising home repair loans are also applicable to the mortgage field.

Your Car Market

In Medina, only 1% of the car owners said that they plan to replace their cars in 1959. This, of course, is a very limited market. However, of those who own one car, 100% would finance their next car at the bank. Of those who own two cars or more, half would finance through the dealer and half through the finance company. If a survey in your area proves a more adequate market for automobile loans than the market in Medina, what unusual ideas can be used to capture your share of the auto loan business? Is your front door wide enough, and your bank lobby large enough, to accommodate an actual display of the 1959 cars, one at a time? How about a small foreign or domestic model? Dealers would be glad to cooperate. You could begin by offering the exhibit space to the dealers who bank with you. By al-



Actual size of this A.B.A. auto loan folder is 6¼" x 3½"

lotting space in the order of receipt of applications there would be no criticism that you were showing favoritism. If you have a small lobby space, how about displaying miniature car models in windows or on tables surrounded by literature about your auto loan plan? Kits for building the models are readily obtainable and can be put together by some of your employees who are hobby-minded. Newspaper and direct mail copy ideas are plentiful and can be helpful.

There is a fertile field for this service in Medina. The survey shows that 20% of the families buy money orders at the banks, 54% at the post office. When asked why they purchased where they do, 45% said they did so as a matter of habit, 38% mentioned convenient location. Here is an opportunity to play up the money-saving features of bank money orders and the convenience of buying at the bank while attending to other financial business.

Seventy-nine percent of the families in Medina do not have safe deposit boxes. What is the percentage in your trading area? If the market is good, perhaps you should increase your facilities in this respect unless, of course, you have a large supply of vacant boxes. In either case, how can you best rent safe deposit boxes? Of course, some of the obvious methods immediately come to mind, such as statement enclosures and ads. But there is nothing so effective as sampling the product. Some banks offer a limited free rental to present customers. Others make it easy for prospective customers to see the boxes and handle them without going to the vault. These banks exhibit the boxes in the bank lobby. Cards listing the rental charge for the various size boxes can be affixed to each. Actual valuable papers such as deeds, wills, and jewelry, can be used to demonstrate how much each box will hold.

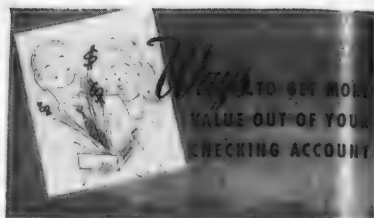
Medina people are thoroughly sold

on checking account service: 70% of the families have checking accounts. Among the other 30% there are 640 possible prospects. Even where the market is pretty well satisfied, the banker needs to keep in mind the necessity of keeping present users happy and replacing accounts when depositors move away. Have you ever tried a checking account enclosure that sells the present user on making better and more frequent use of his checking account? Such a folder is shown in these pages. As for reaching the people who do not bank with you, newspapers, lobby display, radio, billboards, and TV are logical media approaches to this mass market. Have you ever tried offering in your ads a booklet like *The Woman and Her Bank*? This A.B.A. booklet was written by a woman who pointed out just how useful a bank can be to the fair sex.

Banks that have offered the booklet in newspaper ads or over the radio or television report an unusually good response.

How to Get Savings

The banks of Medina have done exceptionally well in the savings account field. As we reported earlier, 96% of the families have savings accounts in the banks. In this field, one way to get savings busi-



A leaflet 6¼" x 3½"

ness is to be known as wanting to get it and proving that you are "The Saver's Best Friend." You can do this by paying an adequate rate on savings consistent with your earnings; by inviting people to save with you not only in good times but year after year; and by demonstrating by word and deed that you want to help them to get ahead. Some banks do this by supplying savings aids.

A marketing survey can tell you a lot about the adequacy of your list of services. In Medina the people are pretty well satisfied with the types of bank services being offered. When asked what services, not now being offered, would families like their bank to render, 87% answered "none." Only 3% asked for drive-in windows; 2% wanted more lenient loan terms, and only 1% asked for each of the following: nurseries; pay utility bills; different hours; checking accounts; free checking accounts; Check O'Matic; different addressing system; and a stamp to eliminate endorsing of checks. While none asked for trust service, only 1% out of 34% who had wills had named a bank or trust company as executor. Only 5% of the families used local trust services.

If your trading area is a good one for trust services and you do not have a trust department, perhaps you should look into the advisability of establishing one.

In the current A.B.A. 1959 survey of commercial bank advertising, the question was asked: "Have you undertaken a marketing research survey in your town or city?" Out of more than 3,200 replies to date, only 66 banks have answered in the affirmative. But it seems safe to predict that more and more banks, once they look into the practical application of putting the findings to work for them, are going to employ marketing research as a necessary adjunct to their public relations and promotional activities. One thing is certain: Banks that do will have a decided edge on their competitors.

The woman and her bank



A popular 24-page booklet

IDEAS AT WORK

The "Ideas" section of the *Business Building Bulletin* is edited by JOHN L. COOLEY.

Peanuts, Anyone?

HERE'S an idea for your promotions scrapbook.

The First National Bank and Trust Company of Bay Shore, N. Y., tucked folded slips of paper into the ends of peanuts, which it put on the counters and also in grills, luncheonettes, offices, and other places where people gather.

The papers read: "It's only peanuts! But you'll have money for Christmas if you open your Christmas Club now at . . ."

"The reaction," observes A. C. McCulloch, "invariably was to cause the person to smile or laugh, but all admit it was a good reminder to open up a Christmas Club account without the usual 'you must' attitude of many ads."

Of course the gimmick can promote other accounts, too.

Bank Salutes Authors

WRITERS living in Rockland County, New York, were honored by the Tappan Zee National Bank of Nyack with a display of their books, pictures, and hobbies. There were 111 authors represented.

The show was the latest in a series of exhibitions calling attention to the works of the country's creative people. The first, in 1955, featured paintings by 18 artists. In 1956 there was a display of cartoons and drawings and later a collector's show of distinguished paintings owned by Rockland people.

The bank opened in May 1955 and has associated itself closely with the life of the community. The exhibits, says Executive Vice-president Frederick Palmer, have introduced

the bank to people "who ordinarily might never have paid any attention to us, people we wanted very much to attract. We felt it was a public relations idea with real dimensions."

Authors from more than a dozen county towns were honored.

FNCB of NY Travelers Check Promotion

The First National City Bank of New York has launched a promotion that cross-sells its own travelers checks and the consumer services of local banks handling them. The bank is increasing its national advertising campaign and has started a new sales program of posters, stuffers, calendars, and newspaper mats for all banks offering the checks.

Posters for bank lobbies and win-

dows dramatize the selling bank's services — savings, vacation loan, safe deposit boxes, etc. They include a situation cartoon series. National advertising of the checks stresses "buy them at your bank."

Checklist for Husbands

IN a letter to shareholders of Fidelity Union Trust Company, Newark, N. J., and to 5,000 business people in the state, President Roy F. Duke called attention to "an American family problem" which he suggested be faced realistically: "the changing trend of life expectancy." Pointing out that the average American wife now outlives her husband by nearly six years, the letter enclosed a "Checklist for Husbands."

"There are a number of steps

The Society for Savings of West Hartford, Conn., won a national "Plant America" award in the annual industrial landscaping competition conducted by the American Association of Nurserymen. This is its planting. Citizens and Southern National of Charleston, S. C., won a similar award; the two were among the top 10 firms to be thus honored. The C&S landscaping was pictured last month



which every wise husband should take to provide for his wife should she survive him. Young as well as older husbands should give their wives this protection. Our estate planning officers have prepared a 'checklist' of what should be done, which we hope may serve as a helpful reminder to friends of our bank and their families."

The list contains such questions as:

"Have you . . . had a sound will prepared and told your wife where it is kept? Reviewed your will recently to make sure that it is up to date? Placed some emergency money in a separate account in your wife's name? Placed your insurance policies in a safe place and told your wife where they are? Informed your wife of possible Government and other benefits for which she may apply, and how to apply for them? Informed your wife about your family and business finances? Chosen and introduced to your wife a specialist qualified to act for her or advise her in the management of your estate?"

Four Boys and a Bank Ad

AN advertisement of The City Bank & Trust Company, Milwaukee, in a local newspaper started a chain of events that made several people happy.

The ad, headlined "Bulwark," featured a policeman. Young Davey Stark, who admires cops, called the picture to the attention of his mother and three small brothers. Mrs. Stark, a widow, asked the paper if she could have prints

of the photo to hang in her sons' rooms.

The paper told the bank, which got in touch with the Wisconsin Bankers Association where the ad originated. WBA's research committee voted to present framed pictures of the model cop to the Starks.

The bank's president, William B. Frank, went a step further. He started a bank account for each boy with \$5.

Bank president William Frank with the Starks: Edward, John, David, James, and their mother who's holding framed photos of the policeman



An Officer Call File System

As you know, an effective file system is an essential backstop for an officer call program, and here's Arthur J. Howell, vice-president of The Manufacturers National Bank of Detroit, to report on the procedure used in that institution. The system is flexible—minor changes are constantly being made—and it's also successful. Results have proved its worth. In a 7-month period last year the number of additional accounts resulting directly from the program ran into four figures.

When a new account is opened (says Mr. Howell) full details are entered on the new account sheet. A copy goes to the Customer Relations Division of the Business Development Department.

On accounts for corporations, businesses, partnerships, lawyers, and accountants, the bank makes sure that two officers are familiar with each. One is the "calling officer" who must call on the account at least once during each 6-month budget period.

Call records are prepared for business accounts of \$10,000 or more, but are also made for any account if the officer so wishes. Three 3" x 5" cards are set up for each account to be visited. Card No. 1 is given to the officer for reference when he is about to make a call. No. 2 is kept in the di-

vision, filed according to the officer. When calls are reported, preferably weekly but always within the calendar month, they are posted on this card so that the progress of the program is recorded. Card No. 3 is kept in another file in the same division, alphabetically; it serves as the "locate" file.

THE officers also use a customer call budget sheet on which accounts are listed alphabetically. Each officer keeps it in his desk so that he can check whether he has made his quota of visits.

Call and other reports are sent to the Prospect Division, where a monthly consolidated compilation is made showing the number of calls made by individuals, the quota, and the percentage of completion. Also in this report is a list of new accounts brought into the bank as a direct result of the call program. It goes to all calling officers and to top management.

New information about a customer is sent to the officer responsible for the account on a Mimeographed form so that he can bring the card up to date.

A related file maintained by the Customer Relations Division contains cards showing mailing addresses for annual reports, statements, and other

material sent to customers and prospects.

To aid the officer in watching accounts of over \$30,000, the bank has a weekly balance card carried in the division and posted by the bookkeeping department. The balances are reviewed, and when unusual fluctuations occur they are shown to the account officer.

Another step is the "concentration report" listing accounts with average balances of at least \$500,000, showing weekly changes over a period of time. This report goes to top management weekly.

DATA for withholding and excise taxes are also kept in the Business Development Department, and an accurate record of this type of deposit is maintained. The department keeps informed on businesses which normally should be making these deposits and if they're not received the officer is advised so that he can solicit this business on his next call.

Procedure on prospect calls is approximately the same. Details include a prospect information form, cards, prospect budget sheet, report form, etc.

Mr. Howell outlined the procedures to a Financial Public Relations Association audience.



An afternoon downpour failed to dampen the enthusiasm of the 20,000 children who came to the "school savers' party" of the Manchester Savings Bank whose officers, dressed as clowns, greeted the kids. More than 23,000 cups of orange soda and 20,000 ice creams were dispensed. After touring the bank the children saw a cowboy show in the parking lot

50,000 at Opening

THE new home of the Manchester (N. H.) Savings and National Banks was visited by more than 50,000 people during the 2-day opening program.

Events included a children's party; preview tours for employees and their families; money guessing contests; door prizes and gifts; a Concord stagecoach drive from the old to the new building; a preliminary ad teaser campaign in the local press; a full color rotogravure newspaper supplement.

Place settings were given as new account incentives in the savings bank, which set a new record for business on the first day. A Scottish plaid motif, carried out in staff neckties, vests, and shoes, carried

along the thrift symbolism used in the banks' advertising.

One of the drawings was a day's interest on \$1,000,000 at the current $3\frac{1}{2}\%$ rate. This feature was offered over the local TV station, which also showed movies of the building construction. Charles S. Nims, president of Manchester Savings Bank, and William Stearns, executive vice-president of Manchester National Bank, spoke.

The ultramodern new building has a community room equipped with sound system, folding stage, dining facilities, and a conference room available to local organizations and groups.

Car Ignition Keys as Bank Giveaways

WE'RE informed that a number of banks have used as giveaways at anniversary celebrations, open houses, and similar public occasions, an 18-karat gold plated ignition key custom-cut to fit the individual's car when he visits the

bank. With each key is a safety lock chain, and on each is enameled the name of the donor.

Key-cutting machines are loaned to the bank by the company providing the service.

New Loan Service

STATE-PLANTERS Bank of Commerce and Trusts, Richmond, Va., reports that a new service, "Thrift/Loan," is proving popular. It's a plan whereby the monthly repayments include a set amount for deposit in a savings account.

Use of three bank services is required: loan, savings, and a checking account for automatic withdrawal of monthly payments. If the borrower doesn't have a checking or savings account, these services are opened in his name.

A special attraction is the auto bonus feature. If all Thrift/Loan payments on a car loan are made promptly, $\frac{1}{2}$ of 1% per year of the financing cost is refunded, reducing the auto rate by that amount which is credited to the savings account when the loan is paid in full. The savings account bears interest at regular rates.

The bank conducted a staff contest to name the new service.

"All Purpose Banks"

THAT'S the phrase featuring six newspaper ads sponsored by the Bergen County (N. J.) Bankers Association. Each had a question-answer pattern designed to distinguish between an "all-purpose" bank and other financial institutions.

Says William Krieger, the BCBA's public relations man: "Members of the association believe the term will be much more understandable to the public. So far as we know, this is the first time it has been used in advertising and public relations."

To celebrate the admission of Alaska into the Union, Lucien Harris III, vice-president of The First National Bank at Orlando, Fla.—the State farthest from Alaska—pinned a new star on the bank's flag. Watching are Loretta Pyles, Marjorie Banks and Anna Millan. The Alaskan flag is shown, too



The Newsworthy Past

A BACKWARD look is in order when an anniversary is being celebrated, and it usually discloses some facts that interest people. For instance, Union Dime Savings Bank of New York, 100 years old this year, added some reminiscences to its January 1 statement.

President J. Wilbur Lewis recalled that the bank rented its first building for \$1,000 a year, getting back \$350 from the folks who lived on the floor above. Counters and stove were bought from another bank for \$55, chairs cost \$2.50 each, and \$8.24 was expended for a small ad in four different newspapers. It cost \$20 to print 5,000 circulars.

The covers of the 1959 statement simulated the bank's first passbook.

Indiana National Has Small Business Clinics

THE Indiana National Bank of Indianapolis has set up a special Business Loans Department to lend and provide counseling service to small businesses.

One of its first projects was a series of clinics for these firms. The conferences covered the bank's special services and the companies' financial problems.

President Wilson Mothershead emphasized that staff members of the new department were specialists and would be pleased to join company executives in making on-the-spot appraisals of a small business' credit needs.

Loans, he said, would be granted for any sound business purpose, including payment of current operating bills, increase in working capital, payment of taxes, plant modernization, expansion of product lines, increased inventory, cash to take advantage of trade discounts and to buy new equipment.

The counseling activity, Mr. Mothershead pointed out, should be of value because of the importance of financial planning in the success and growth of small businesses.

Useful Giveaways

THE Elyria (Ohio) Savings & Trust Company distributes "Budget-Check Record," an easy-to-do method of household accounting, the copyrighted creation of W. H. Gaston, vice-president and cashier. Normal household expenditures are grouped as, "Household Cash."

Teachers, at the opening of the school year, received a personal memorandum calendar stamped with their names.

Planning Is the

Key to a Good Ad Program

Leonard E. B. Andrews, vice-president, Texas Bank & Trust Co., Dallas, contributes this report.

PLANNING is the most important part of any advertising program. Advertising managers who make their decisions under the pressure of time never get the full return possible on their advertising investment. Once the planning is accomplished, the creative work and production problems are much easier to solve.

At Texas Bank and Trust Company of Dallas, we approach our yearly advertising program in a manner similar to most national companies. Our method has proved not only practical, it has given us an infinitely better advertising program timed so that we have been able to integrate our public relations efforts into it smoothly.

Beginning in August and September, the public relations director visits the functional department heads (Bond, Charge-It, Checking, Commercial Loan officers, Correspondent Banks, Industrial, Installment Loan, Oil, Savings, and Safe Deposit) to review how the advertising program for the current year has worked and find if there are any suggestions as to how it might be improved for the next year.

The functional department heads are not held responsible for the creative aspects of their promotion or for the scope. Their opinions are

sought as a guide in determining the overall program. However, in each case the planning of the program timing is carefully checked with the department heads.

We take the approach that the functional department is an autonomous department in sales and profit, supported by the staff consisting of the comptroller, auditor and public relations director. Subsidiary staff assistance under the comptroller's department consists of the training director and planning engineer.

After determining the advertising needs of the coming year by functional departments, the institutional program is integrated in the overall program. Timing of the base or functional department advertising is set in conference with the department heads. Timing of the institutional program is the responsibility of the public relations director with review (of the whole program) by top management.

A Year in Advance

The bank's entire year's advertising program is prepared in comprehensive layout form with the exception of its outdoor posters which are prepared in finished art. All of this material is presented to top management in October; then, during the year, each succeeding quarter is reviewed one quarter in advance which keeps the program flexible.

After the bank's top management has approved the advertising program, it is presented to the directors and the officers, and finally to all 240 employees.

We try to plan for *all* the advertising for the coming year. For instance, we have comprehensive art and copy at the October presentation on approximately 95% of all the advertising we will place or buy during the coming year. The other 5% comes in the form of new services or special promotions which may come along during the year.

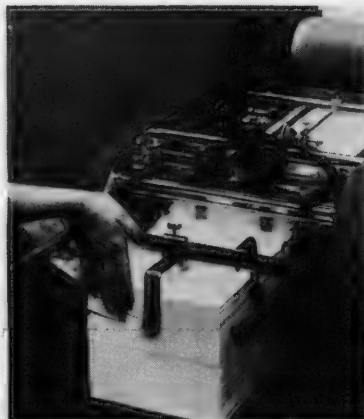
The key feature, of course, is that once the program is planned in this way, the creative team has much more time to put the finishing touches on the details.



W. W. Overton, Jr., right, board chairman, and Mr. Andrews look at an advertising mailing piece to be used during one of the seasonal retail promotion campaigns in Texas Bank's 1959 advertising program



FOR DUPLICATING—Hammermill Graphicopy Papers offer a complete selection for all duplicating equipment.



FOR PRINTING—Accurately cut $8\frac{1}{2} \times 11$ and $8\frac{1}{2} \times 14$ sizes, plus freedom from curl, assure trouble-free operation.



FOR OFFICE USE—New line includes 200 different items in 19 grades, available in weights, finishes, colors you need.

ANNOUNCING NEW HAMMERMILL GRAPHICOPY® PAPERS FOR EVERYBODY WHO USES $8\frac{1}{2} \times 11$ PAPER

Hammermill Graphicopy Papers—the new idea that makes it easy to buy, store and use the right paper for every job—are now available from your Hammermill supplier.

Each of the 200 items in the Hammermill Graphicopy line is individually numbered to make ordering easier. All you do is consult the handy "Paper Selection Guide", choose the paper you want, then pick up the phone and order by number.

Be sure you get well-known Hammermill quality plus the convenience of ordering *all* your $8\frac{1}{2} \times 11$ and $8\frac{1}{2} \times 14$ papers from one source. Ask your Hammermill supplier for the "Paper Selection Guide" wall chart, or write: Hammermill Paper Company, 1501 East Lake Road, Erie 6, Pa.

HAMMERMILL GRAPHICOPY PAPERS INCLUDE:

Hammermill Bond • Cockletone Bond • Management Bond • Whippet Bond • Hammermill Mimeo-Bond • Whippet Mimeograph • Hammermill Duplicator • Whippet Duplicator • Hammermill Double Purpose Master Paper • Hammermill Offset Wove • Hammermill Offset Vellum • Hammermill Offset Super-Smooth • Glossette Coated Offset • Deeplake Offset • Hammermill Opaque • Hammermill Cover • Hammermill Index • Hammermill Translucent • Hammermill Braille

HANDY PAPER SELECTION GUIDE—

Makes it easy to order the right paper. Ask your Hammermill supplier for your copy of this time saver.



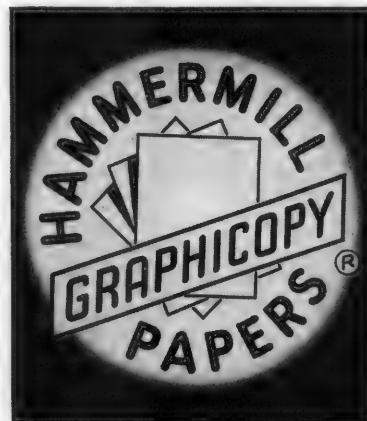
E-Z CARRY PAK*—

Makes it a snap to remove Graphicopy Papers from the new Hammermill E-Z Paper Pak Carton*, the easy-to-open carton. *Patent Pending



ALWAYS LOOK FOR THIS TRADEMARK

—Hammermill Graphicopy Papers, the new easy way to get the right paper for every printing, duplicating and office use.





Mills B. Lane, president, Citizens & Southern National Bank, Atlanta, *third from left*, presents a \$500 check and certificate to Fannie Mae Griner, Dougherty County Extension Service worker, for outstanding achievement in 1958. Mrs. Griner was one of seven Extension Service employees honored by C&S for meritorious service in 1953. Others receiving the \$500 awards were, *left to right*, Frank E. Stancil, Oconee County; Kenneth R. Chambers, White; O. W. Burns, Upson; Dr. C. R. Jordan, Extension entomologist; and J. W. Brannen, Screven. Katherine Rodgers, Lowndes, the seventh winner, is not shown

News for Country Bankers

This department is edited by
MARY B. LEACH of BANKING's staff.

Beautification Contest Wins Goodwill for Bank

TWENTY-EIGHT home demonstration clubs in Madison County, Tenn., have participated in the community beautification contest of the First National Bank of Jackson, according to Farm Representative Burns L. Hicks.

The bank offers five prizes ranging from \$25 to \$5 to the clubs scoring highest in the community. The contest is scored on points—100 each for fine projects.

Mildred P. Alexander, home demonstration agent in Jackson, has outlined for BANKING the procedures followed and the results achieved from the bank's beautification contest. She reports:

"This program has, as its main purposes, the improving and beautifying of the communities in such ways that they are more attractive, more healthful, and safer communities in which to

live. It has been encouraging beyond all expectations the interest taken by the homemakers in the communities, and because of their interest and efforts the county has had an obvious face lifting.

"Because the program is so wide in its implications we have concentrated on the following points:

"(1) Setting out dogwood, red bud, holly, pine, Iris, crepe myrtle, and other native trees and shrubs. (Since Jackson was named the Crepe Myrtle City several years ago the county has bought and planted over 2,000 red crepe myrtles in the communities throughout the county. They are beginning to make a very attractive showing.)

"(2) Each community selects one focal point to be improved as much as possible during the calendar year, such as church, community, and school grounds, road intersections, and others.

"(3) The improvement of driveway entrances.

"(4) Showy flowers and shrubs to be planted in desirable areas easily seen from the road. (There are many, many lawns throughout the county obviously improved in this way.)

"(5) Appearance of trees and shrubs in yards and along roadsides, including the removal of dead trees, pruning, and the planting of desirable trees.

"(6) Improving fences, fence rows along roadsides, and buildings.

"(7) Keeping roadsides free of trash and garbage."

Mr. Hicks reports that the bank feels "this is one of the best programs it has sponsored."

Uses Farm-Credit Folder

THE Agricultural Committee of the North Dakota Bankers Association has distributed to member banks a supply of a folder entitled *Farm Credit*. It tells, in illustrated outline form, how a farmer can build and maintain a good credit standing.

In a letter to NDBA members, O. K. Anderson of Lakoda, chairman of the Agricultural Committee, said: "We do not suggest that these be mailed out or used as statement enclosures, but rather that the loaning officer hand it to the customer at the time the loan is being made or

renewed" and that he "point out to the customer that it contains a lot of good suggestions."

BofA Officers Attend Week-Long Livestock Seminar

THIRTY Bank of America executives from branches in 23 California counties attended a week-long bankers livestock seminar at California State Polytechnic College in San Luis Obispo.

Sponsored by the bank in cooperation with California Polytechnic, the course is the third college study program initiated by Bank of America for its branch executives but the first devoted exclusively to the livestock and poultry industries.

An annual general farm seminar has been held the past three summers at the University of California's Davis campus and one on agribusiness was inaugurated this year at Berkeley.

Bank of America Vice-president Earl Coke, a former U. S. Assistant Secretary of Agriculture, said the new course is the latest of the bank's many activities during the past several decades designed to provide California's agricultural economy with better banking service and counseling.

Classroom lecture subjects included California livestock specialties and ranch management; dairy operations; breeding and marketing; animal nutrition and feed evaluation; cow-calf, stocker and feedlot operations; sheep breeding and feeder lamb operations; marketing problems and cattle price relation-



Three Bank of America officers and a professor examine Suffolk ewe lambs for meat value during seminar on livestock industry techniques and operations held at California State Polytechnic College at San Luis Obispo. *Left to right*, Frank Toner, manager, Sonoma County branch in Petaluma; Vard Shepard, dean of agriculture at Polytechnic; L. L. Alcorn, manager, Lincoln branch; and Walter Butler, assistant manager, St. Helena branch

ships; the hog industry; the commercial egg industry; technological development of poultry and the poultry industry.

Field trips took the students to a feedlot plant, the college's dairy facilities and cattle operations, and the commercial poultry and dairy installations.

The evening sessions covered the bank's policies and procedures in livestock appraisals and financing.

About 150 officers of BofA selected from farm area branches have attended intensive agricultural seminars at California educational institutions.

Soil Testing in Illinois Bank Lobby

A COMPLETE soil testing laboratory in the lobby of the State Bank

of Bement, Ill., is approved by the University of Illinois and the tests made are checked by the University each month.

L. A. Hodam, manager of the Farm Service Department, is an experienced soil chemist and an agronomist. This enables him to go a little further than just give the farmer the bare results of the soil tests. After making the tests and obtaining the past crop and fertilizer history of the land he is in position to make sound recommendations as to rotations, kind and amount of fertilizer needed, etc., to bring the land into maximum production.

"We find that many farmers have more confidence in recommendations made by some one like our farm representative, who has the training and experience in proper fertilizer usage, and who has nothing to sell but the truth, than in recommendations some times made by persons selling fertilizer," said John Hardimon, cashier of State Bank. In exploring ways to better its public relation activities, Mr. Hardimon explains that the bank took a look at itself in 1952 and "came across the startling fact that even though our county has some of the best and most fertile land in the world, 88% being class I land, our average corn yield was only 57 bushels per acre, while test plots of the University of Illinois located all over the state and taking all types of soil yielded around 100 bushels per acre."

This look at itself, led the bank to start its Farm Service Department, with the objective of helping its farm customers to increase net profit.

(CONTINUED ON PAGE 116)

The State Bank of Bement, Ill., helped plan a recent tour of the Illinois Society of Farm Managers and Rural Appraisers, prepared and printed the program, furnished refreshments, and gave other assistance toward making the tour a success. Farm Service Department L. A. Hodam, stands by as Frank R. Funk, local IHC dealer, uses a walkie-talkie to explain his company's equipment



Buying Farms Through Land Contracts

"Sellers of farm real estate have turned increasingly to the land contract as a device for implementing an instalment sale, which, in many situations, will ease both state and Federal tax payments on capital gains."

NORMAN J. WALL

The author is chief of the Agricultural Finance Research Branch, Farm Economics Research Division, Agricultural Research Service, U. S. Department of Agriculture, Washington, D. C.

THE continued rise in farm real estate values, despite several years of declining farm income, has been one of the paradoxes of the farm economic picture. The explanation of these divergent trends involves several factors, including (1) the demand by farmers to add to their existing land holdings to permit more efficient use of their enlarged machinery investment and technical "know-how"; (2) the urban and industrial encroachment upon rural areas; (3) continued demand for part-time farms and rural residences; (4) the impact of the capital gains tax in restraining sales where owners have accumulated a sizable capital gain; and (5) the lack of alternative investments to yield an income (after the capital gains tax is paid) as high or higher than can be realized from the income of the farm enterprise.

Several developments in the credit field have helped to sustain the rise in market prices. Among these are the periodic increases in appraised values for loan purposes and loan limits made by lending agencies in recognition of the upward market trend in prices. Although, in general, they lag behind market increases, these upward adjustments have helped to sustain the market demand for land.

Unique Feature of Financing Picture

In view of the generally large supply of loanable funds available from institutional lenders, a rather unique feature of the financing picture has been the steady rise in the

proportion of land sales that are financed by the seller. In the year ended March 1, 1958, sellers financed 43% of all farm sales, a higher proportion than all institutional lenders combined, as shown by the chart on this page. In 1956, sellers financed 37% of all sales.

This increase in the proportion of sales financed by sellers reflects the increased use of purchase contracts. A land contract differs from a mortgage primarily in the fact that legal title remains with the seller until all payments on the contract have been made, or until a specified percentage of the total price has been paid. Downpayments are usually less than under conventional mortgage financing. They cannot exceed 30% of the selling price if the transfer is to qualify for special tax treatment of capital gains.

Land Contracts Have Had Varied History

The use of land contracts in the

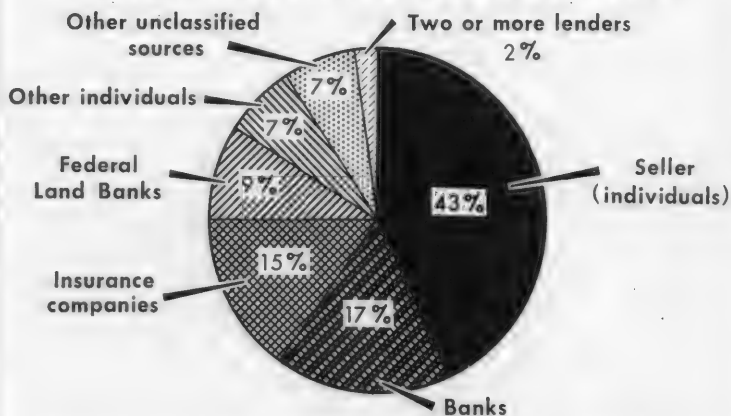
sale of farm real estate has had a varied history and wide swings in popularity through the years. In the World War I land boom, land contracts were a means of capturing profits from upwardly spiraling land prices with a minimum cash investment. Nominal ownership of a farm could be obtained for a 10% or 20% downpayment on a contract and either the contract or the title could be resold later as the market moved upward. The sudden collapse of the land market in 1920-21 wiped out the thin equities of many such contract buyers.

In the mid- and late-Thirties, and as late as 1943-44 in some areas, land contracts again came into extended use under quite different circumstances. Faced with the need to dispose of thousands of farms acquired by foreclosure, lending agencies, particularly insurance companies, used the contract sale device to get the farms they owned

(CONTINUED ON PAGE 78)

U.S., 1958

CREDIT SOURCES FOR FARM PURCHASES



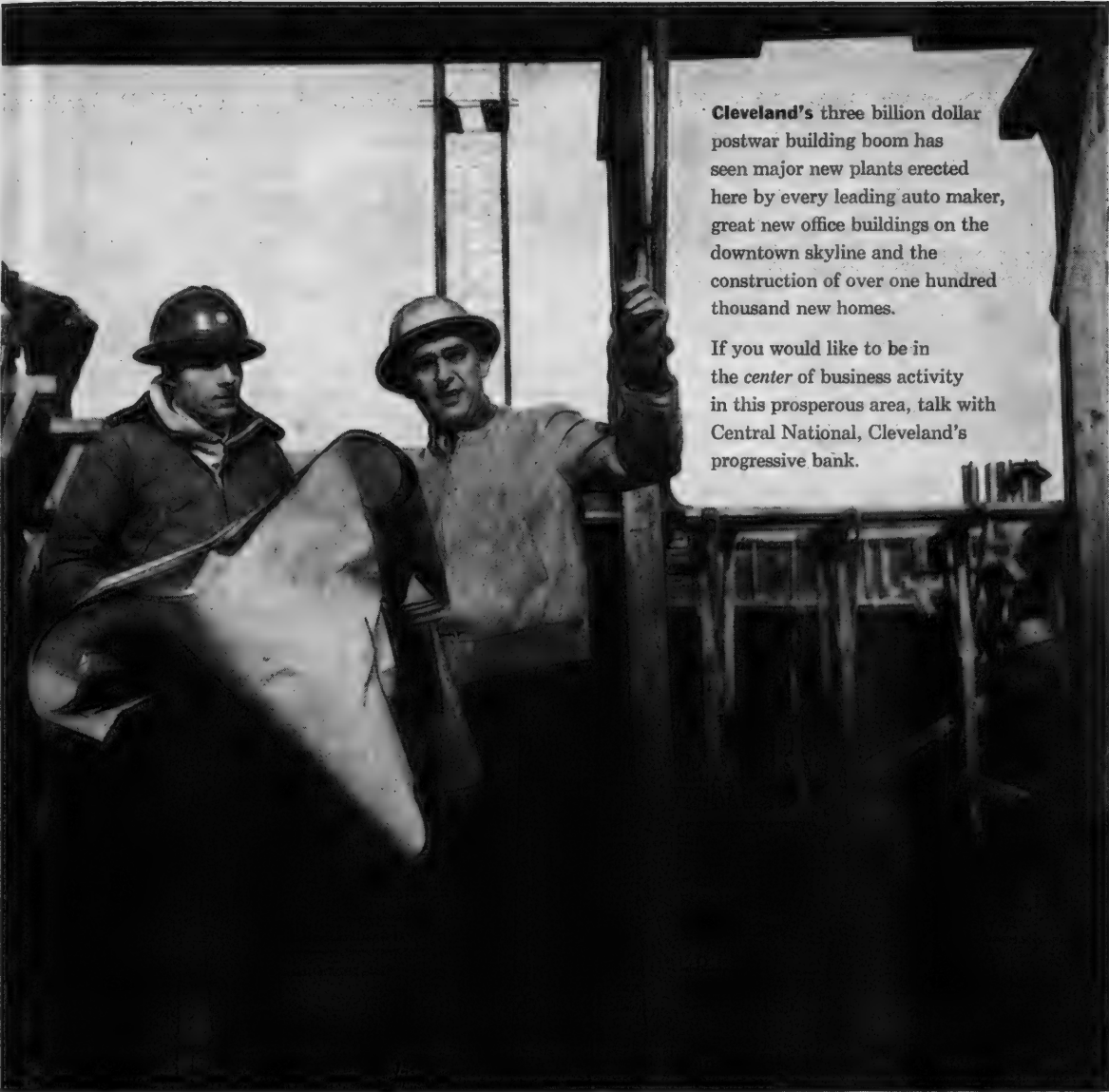
PERCENTAGE OF CREDIT PURCHASES FINANCED BY EACH CLASS OF LENDER

YEAR ENDING MARCH 1, 1958

U. S. DEPARTMENT OF AGRICULTURE

NEG. 58 (7)-2521 AGRICULTURAL RESEARCH SERVICE

CENTRAL NATIONAL BANK



Cleveland's three billion dollar postwar building boom has seen major new plants erected here by every leading auto maker, great new office buildings on the downtown skyline and the construction of over one hundred thousand new homes.

If you would like to be in the center of business activity in this prosperous area, talk with Central National, Cleveland's progressive bank.

On the site of one of the many new buildings now going up in downtown Cleveland.

OF **CLEVELAND**

The Best Location in the Nation

CLEVELAND 1, OHIO

(CONTINUED FROM PAGE 76)

into the hands of buyers who could not qualify for conventional mortgage financing. The rising farm incomes of World War II permitted a majority of such contract buyers to increase their equities and acquire title.

The current revival of interest in the use of land contracts has been sparked by still different circumstances from the two previous periods. Currently, it is estimated that about 20% of all land transfers, or a third of all credit-financed transfers, are on contract. In 1946, the proportion was about half as large. The frequency of their use, and the increase varies appreciably by areas as shown by the chart on page 78. Largest increases have occurred in the Corn Belt and Lake States, the Northern Plains, and the Mountain region. The incidence of contract purchases has remained at an insignificant level in the Southeast and South Central regions, possibly because in these areas vendor's liens are a traditional means of seller financing when low downpayments are involved.

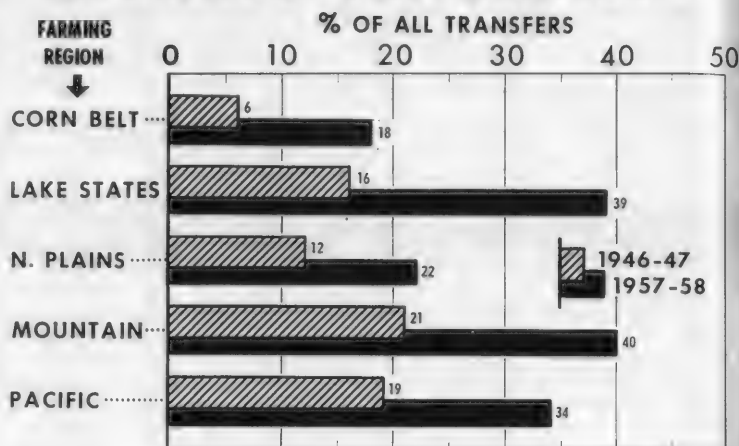
Tax Advantages

Sellers of farm real estate have turned increasingly to the land contract as a device for implementing an instalment sale which, in many situations, will ease both state and Federal tax payments on capital gains. The tax on capital gains can be spread over the number of years during which payments are received. Where the seller has no other taxable income and is entitled to double exemptions because of age, an annual prorating of capital gains of up to \$1,200 (or \$2,400 if a joint return) would be tax exempt. Aside from such tax savings, the fact that the seller can regain possession quickly in case of default of payments makes the contract preferable to a conventional mortgage sale when a low downpayment is involved. Also, retaining a sizable contract balance on which interest payments are received avoids the problem of reinvestment of funds, which otherwise would be necessary with a cash sale. Interest rates on contract balances are usually about the same or a little higher than on mortgages.

Buyers, and particularly beginning farmers who have not accumulated enough capital for conventional

Farm Real Estate

PURCHASES BY LAND CONTRACTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. 58 (10)-2562 AGRICULTURAL RESEARCH SERVICE

mortgage financing, find the low downpayment feature of the purchase contract attractive. It permits them to acquire nominal ownership of a farm sooner than would be possible with conventional financing and frees a part of their capital for buying stock and equipment for the farm. If the annual payments on the contract are no greater than rent and if the contract contains flexible repayment provisions, the risk to the buyer may not be serious.

The degree of risk assumed by a buyer under a purchase contract depends largely on the specific terms of the contract and the laws of the particular state. In some states, a single default of payment can cause dispossession and loss of both the downpayment and the payments made up to that time. In other states, the buyer's equity at the time of the default is recognized and can be recovered.

Thus far, few contract buyers have been exposed to the basic risks inherent in a purchase contract. With land values continuing upward, resale of the contract in case of financial difficulties has been possible. Also, farm income has continued to be high enough to enable most contract buyers to meet their payments.

Bankers Can Assist Young Farmers

Bankers who serve agricultural areas have an opportunity to help young men acquire control of farms through the contract route when

dependable sellers are willing to use this method of disposing of their farms. In a Minnesota land-contract study, it was indicated that most of the buyers had had no legal advice prior to completing the purchase. The study goes on to point out that:

"Several features that might have been suggested by legal counsel had it been available, include:

"(1) The insertion in the contract for deed of a clause that would permit the buyer to make payments in advance of the usual schedule of repayment.

"(2) A possible provision of a sliding scale of repayment that would permit the buyer to pay more heavily in good years and reduce his payment in poor years.

"(3) A provision (included in some contracts) whereby the buyer can convert the contract for deed to a more conventional type of mortgage after he has paid enough on the contract to raise his equity to approximately half of the value of the farm."

Sources of New Business

Bankers, too, can find a source of new business by keeping informed as to the progress of the farmers in their trade area who are buying farms on contract. As these purchasers build up their equities, they are usually in the market for conventional first mortgage loans. The bank can either acquire these loans for its own account or negotiate a loan through some other farm mortgage lending agency.

THE GROWINGEST BANK IN THE GROWINGEST STATE

"Arizona's Bank"

Statement of Condition
At the close of business
December 31, 1958

*(Compared with
Dec. 31, 1957)*

RESOURCES

Cash and Due From Banks	\$102,961,802.09
U. S. Government Bonds	96,240,802.02
Other Bonds	31,890,459.18
Loans (Federally Insured or Guaranteed)	71,565,231.14
Other Loans	233,393,504.62
Accrued Interest Receivable	2,508,660.00
Buildings, Furniture and Fixtures	11,800,753.49
Other Resources	4,619,294.39
Total Resources	\$554,980,506.93

LIABILITIES

Deposits:	\$310,788,821.73	
Checking	136,710,946.70	\$500,387,579.45
Savings	52,887,811.02	
Public		6,489,830.74
Provision for Taxes, Interest, etc.		6,659,695.34
Unearned Discount		3,947,439.32
Other Liabilities		
Capital Funds:	8,154,665.00	
Capital Stock	21,845,335.00	
Surplus	5,495,962.08	
Undivided Profits	\$ 35,495,962.08	37,495,962.08
Reserve for Bond Account	2,000,000.00	
Total Liabilities		\$554,980,506.93

up \$37,000,000

up \$70,000,000

up \$60,000,000

up \$7,000,000



57 CONVENIENT OFFICES

Largest Bank in the Rocky Mountain States

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Carl A. Brinson
PRESIDENT

A.B.A.'s March Agricultural Credit Conference Is Fashioned for Top Management of Banks

AGRICULTURAL authorities from banks, business, colleges, and Government will speak at the Eastern States Agricultural Credit Conference in New York, March 30-31. The tentative program for the 2-day meeting was announced recently by the sponsoring committee representing the American Bankers Association and eastern state bankers associations.

The conference, scheduled for New York's Hotel Manhattan, is designed to attract the interest of top management of eastern states' banks that are active in agricultural lending.

Among the speakers will be John W. Remington, vice-president of the A.B.A. and president of the Lincoln Rochester Trust Company, Rochester, N. Y. The program follows:

Morning Session

Monday, March 30, 9:30 A.M.

Presiding, Harry W. Schaller, chairman, Agricultural Commission, American Bankers Association; president, Citizens First National Bank, Storm Lake, Iowa.

Address by Vice-President Remington.

"The Nation's Economic Philosophy" by R. I. Nowell, vice-president and economist, The Equitable Life Assurance Society of the United States, New York.

"Current Comment on Policy Re-



At left—
Harry W. Schaller



At right—
Clifford G. McIntire

lated to Agricultural Credit" by the Honorable Clifford G. McIntire, Maine, Congressman, Washington, D. C.

"Rural Development from the Viewpoint of Industry" by Winthrop Rockefeller, chairman, Arkansas Industrial Development Commission, Morrilton, Ark.

Afternoon Session

2 P.M.

Presiding, Nicholas A. Jamba, vice-president, The National Bank and Trust Co., Norwich, N. Y.

"A Bank Policy for Agricultural Lending" by Frank W. Black, executive vice-president, The Peoples National Bank of Barre, Vt.

Bull Sessions

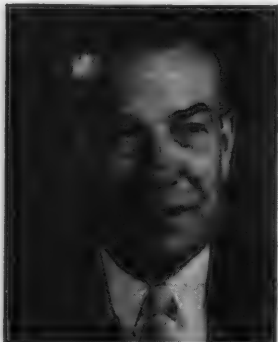
3 P.M.

"Meeting Credit Requirements of Agriculture"

Discussion Leaders: Arthur N. Berry, cashier, The New Market National Bank, Newmarket, N. H.; William B. Duryee, director, First National Bank, Hightstown, N. J.; Albert B. Gordon, first vice-president, Merrimack Valley National Bank, Methuen, Mass.; Abram Z. Gottwals, farm representative, First National Bank of Southern Maryland, Upper Marlboro; Ralph L. Higley, vice-president, The National Bank of Delaware County, Walton, N. Y.

Also, Howard F. Knight, farm loan supervisor, First National Bank, Lewiston, Me.; H. T. Osborn, vice-president and mortgage officer, Vermont National and Savings Bank, Brattleboro, Vt.; and Roy G. Shaull, vice-president and trust officer, The Harrisburg National Bank, Mechanicsburg, Pa.

John W. Remington



O. B. Jesness



Herbert R. Albrecht



Lloyd E. Partain



Announcing the unification of Society FOR SAVINGS and Society NATIONAL BANK into Society NATIONAL BANK OF CLEVELAND



AS another important step designed to provide greater service for Society customers and the growing community we serve, the Board of Trustees of Society for Savings and the Board of Directors of Society National Bank have voted to unite these banks, effective December 31, 1958.

Society National Bank of Cleveland, with total resources of \$391,911,460, thus becomes the 6th largest bank in Ohio and 78th largest among the more than 13,400 commercial banks in the country.

We welcome the opportunity to serve you. Let us put our thorough knowledge of the Cleveland area and complete banking facilities to work for you.

Mervin B. France
PRESIDENT

STATEMENT OF CONDITION December 31, 1958

RESOURCES

Cash on Hand and Due from Banks.	\$ 34,861,587.72
United States Government Obligations.	95,797,588.56
Other Bonds and Securities	48,888,587.45
Loans and Discounts	204,871,260.90
Banking Premises	5,108,292.40
Other Real Estate Owned	8,866.04
Interest Accrued and Other Assets	2,375,277.83
Total	\$391,911,460.90

LIABILITIES

Capital Stock	\$ 12,000,000.00
Surplus	18,000,000.00
Undivided Profits	1,326,181.67
Reserve for Taxes and Expenses	1,102,856.97
Deferred Credits and Other Liabilities	6,565,421.22
Deposits	352,917,001.04
Total	\$391,911,460.90

United States Government Obligations carried at \$10,858,963.35 are pledged to secure Public Deposits as required or permitted by law.

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- Interest answers to 3 decimal places on principal amounts from \$1.00 to \$100,000.00.
- Interest rates from 1% to 5% in ½% steps; 5% to 10% in 1% intervals.
- Time periods from 1 to 180 days, then 6 to 12 months.
- New, steel-reinforced, leatherette binder.
- Guaranteed accurate by Lloyd's of London.

Tables also feature ordinary interest factors (360 days basis) and exact interest factors (365 days basis). Conversion chart changes ordinary interest to exact interest.

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Name.....Title.....
Company Name.....
Address.....
City.....Zone.....State.....

A.B.A. Agricultural Credit Conference Program

(CONTINUED FROM PAGE 80)

Morning Session

Tuesday, March 31, 9 A.M.

Presiding, Louis A. Zehner, assistant vice-president, Federal Reserve Bank of Boston, Boston, Mass.

"Farming Trends in the Eastern States" by Dr. Herbert R. Albrecht, director, Extension Administration, The Pennsylvania State University, University Park.

"What Does Vertical Integration Mean to Banking?" by Lloyd E. Partain, Curtis Publishing Company, Philadelphia, Pa.

"How Would You Finance This Farm Business?"—Panel moderated by William J. Kinnamon, president, The Hunterdon County National Bank, Flemington, N. J.

Panel members: Robert G. Cooke, assistant vice-president, Industrial National Bank, Providence, R. I.; Robert T. Hayden, assistant secre-

tary and manager, Farm Loan Division, Lincoln Rochester Trust Company, Rochester, N. Y.; Verle R. Houghaboom, agricultural economist, University of Vermont, Burlington.

Also, Fred A. Hughes, professor of Agricultural Economics, The Pennsylvania State University, University Park; and Dr. Robert S. Smith, professor of Farm Management, New York State College of Agriculture, Cornell University, Ithaca.

Luncheon

12:30 P.M.

Presiding, Mr. Schaller.

"Bankers' Responsibility to Agriculture—a Challenge" by Dr. O. B. Jesness, head emeritus, Department of Agricultural Economics, University of Minnesota, St. Paul.

Indian Bank Offers Student Loan Plan

IN India, where even the achievement of bare literacy for the masses is an unsolved problem, higher education is crying for all the financial aid and assistance that can be spared by government or private resources. This new republic, just embarking on universal suffrage, must find a way to finance the technical education necessary for its people to be able to carry through the industrial and socioeconomic plans that have been made for this nation.

One leading South Indian bank has risen to this serious challenge with a student loan plan similar to those that have been springing up all over the United States. Called the Canara Bank Jubilee Education Fund, it is a fund created by private donors which will guarantee up to 20% of amounts granted in student loans by the bank. The fund is intended to finance studies at technical colleges. Canara Bank itself has donated Rs. 20,000 to the fund,

and another Rs. 1,000,000 has been collected.

TEN "loan scholarships," each of which will amount to Rs. 1,000 is granted each year at 4% simple interest. The same group of scholars is granted Rs. 1,000 each year until completion of their studies, and at the same time 10 or more will receive their first loans. The Fund screens and chooses applicants carefully, and each loan is to be repaid in instalments by its scholar-recipient starting not later than one year after completion of his course of studies, and extending over a period of time which may be twice as long as the time covered by the loan. In other words, a student who has availed himself of such loans for a period totaling 4 years has 8 years in which to complete his repayments.

This scheme was inaugurated in 1956, and is the only one of its kind operating in South India today.



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Modern Credit for Modern Agriculture

"It is a real challenge to keep informed and abreast of today's changing agriculture. The opportunities for increased service and business, open to informed bankers, are indeed large."

Some excerpts of key points made by EARL COKE in an address at the 11th National Credit Conference of the American Bankers Association in Chicago on January 23 are presented below. MR. COKE is vice-president, Bank of America N.T. & S.A., San Francisco, Calif.

AGRICULTURAL production in America needs help—more than help, it needs understanding from those who can guide and implement its activities toward more effective economic levels. That is where we, as bankers, come in.

The sweeping innovations taking place in the production, processing and marketing of the nation's food and fiber hold important implications for bankers. Let's take a look at them and see why.

No More Indiscriminate Production of Farm Crops

The day is fast passing when an individual farmer can hope for a prosperous market while producing crops or livestock indiscriminately. Likewise, a farmer cannot be successful just because he is honest and a hard worker. Rather—like other businessmen in our economy—he must now gear his production to market demand. Furthermore, retailers and processors cannot stay in business without an assured supply of the kinds and quality of products which consumers want to buy.

Cooperatives, Others, Explore Expanding Sphere of Control

Since the new technologies offer opportunities to cut costs only as the size and scale of operations expand, a pressure to increase the scope of operations results at all levels of agricultural production and marketing.

More and more corporations and farmer cooperatives are now exploring the possibilities of expanding

their sphere of control in the farm-to-market processes.

These cooperatives, to be successful, must consider changing their time-worn formula of accepting whatever a member produces (good, bad, or indifferent quality) and moving it into the market. Production standards and specifications are part and parcel of a modern successful operation.

Farmer Becomes Consumer Conscious

Agriculture, in common with industry in general, has become increasingly consumer-conscious and alert to competition. The requirements of retailers have been a predominant influence causing much of the integration developing in the agribusiness segment of our economy.

More Capital Needed to Finance New Order of Agriculture

Substantial amounts of capital are required to finance the new order of agriculture. If the commercial banking system cannot supply this needed capital, others will. They are doing so already. For example, 38% of the farm land transfers last year were for the purpose of farm enlargement, and the majority of these transfers were financed by individuals and miscellaneous lenders. In fact, these noninstitutional lenders now hold 41% of the nation's outstanding farm mortgage credit. Commercial bank participation in this financing is only about 13%, with the Federal Land Bank and insurance companies roughly sharing equally, each holding a little over 20%.

There also appears to be a substantial increase in the financing of various agricultural businesses by feed dealers, processors, cotton gin operators, fertilizer and insecticide suppliers, etc.

PCAs Pushing to Increase Business

Production Credit Associations are pushing hard for more members and increased business. During the past two years, their loans have increased 37% compared with a gain of only 9% for commercial banks. Their recently announced availability of 5-year intermediate credit loans to finance farm improvements, land leveling, irrigation systems, machinery, etc., and their \$10,000 mortality insurance available to borrowers is indicative of their desire to adjust to the needs of the day.

When commercial banks fail to provide the full amount of credit needed, Government-sponsored credit agencies, rural credit unions, or industry will step in. We need to have a system of agricultural financing similar to that available for industry which permits a revolving line of credit, seasonal production loans (secured or unsecured depending on the financial rating of the borrower), intermediate term loans, and farm mortgage loans. We need good credit files on our borrowers and well developed budgets on which to base our loans.

If we will but strip away the gingerbread and get down to the basic skeleton structure, we will find that commercial banks have all the built-in ingredients to provide agriculture with the "package deal" so generally exploited by other businesses in developing new customers and retaining old ones.

New Opportunities for Informed Bankers Are Large

It is a real challenge to keep informed and abreast of today's changing agriculture. The opportunities for increased service and business, open to informed bankers, are indeed large.

There is another—somewhat different—aspect of "new opportunities" (CONTINUED ON PAGE 124)



MICHIGAN NATIONAL BANK

BATTLE CREEK

FLINT

GRAND RAPIDS

LANSING

MARSHALL

PORT HURON

SAGINAW

STATEMENT OF CONDITION

December 31, 1958

ASSETS

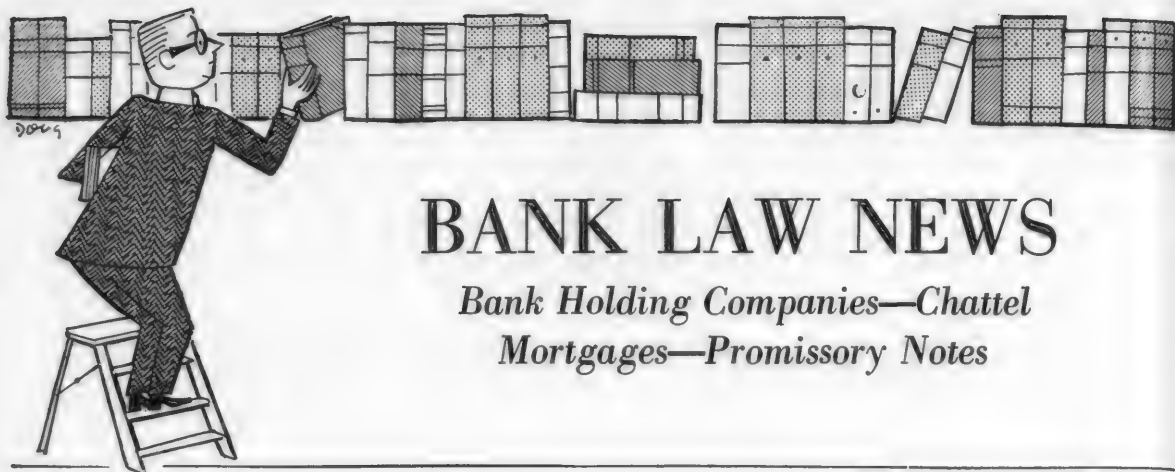
Cash and Due from Banks.....	\$ 57,247,452.18	
U. S. Government Securities.....	139,669,501.06	
U. S. Guaranteed Loans.....	91,268,448.17	\$228,185,401.41
Loans—Other.....		229,522,023.37
Bank Buildings and Equipment.....		8,973,200.52
Other Securities.....		1,872,023.37
Accrued Income.....		1,718,114.51
Other Assets.....		1,064,510.03
Total Assets.....		<u>\$531,335,273.21</u>

LIABILITIES

Deposits.....		\$480,956,805.32
Other Liabilities.....		5,420,561.64
Deferred Income.....		16,024,140.23
Capital (\$10 Par).....	\$ 10,000,000.00	
Surplus.....	10,000,000.00	
Profits and Reserves.....	8,933,766.02	28,933,766.02
Total Liabilities.....		<u>\$531,335,273.21</u>

OPEN EACH WEEKDAY INCLUDING SATURDAY UNTIL 4:30 P. M.

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Federal Deposit Insurance Corporation*



BANK LAW NEWS

Bank Holding Companies—Chattel Mortgages—Promissory Notes

BANK HOLDING COMPANIES

Illinois Bank Holding Company Act of 1957 held to be constitutional

IN 1957, the Illinois legislature enacted a Bank Holding Company Act. Laws of 1957, SB 410, approved July 5.

The act defines a bank holding company to be one which: (1) directly or indirectly owns or controls 15% or more of the voting shares of each of two or more banks or of a company which is a bank holding company under the act; or (2) which in any manner controls election of a majority of the directors of each of two or more banks; or (3) any company for the benefit of whose shareholders or members 15% or more of the voting shares of each of two or more banks or a bank holding company is held by trustees.

The act prohibits, after its effective date, the formation of a bank holding company as defined above. It also prohibits any company, in existence on the effective date, which is a bank holding company under the definition set forth above, thereafter to acquire direct or indirect ownership or control of any voting shares of any bank if, after such acquisition, the company will directly or indirectly own or control more than 5% of the voting shares of such bank. However, an existing bank holding company may acquire additional shares in a bank

in which the holding company owned or controlled a majority of the voting shares prior to the acquisition.

At the same time, the Business Corporation Act was amended by the adoption of a provision, similar to the one in the Bank Holding Company Act, limiting the general powers of corporations in respect to ownership and control of bank stock. Laws of 1957, S.B. 266, §1, approved July 9.

The plaintiff, a general investment securities corporation, had been empowered, under its charter, to purchase, without limitation, the capital stock of banks and bank holding companies. Both pieces of legislation limited the extent of the plaintiff's corporate activity, by the exercise of control over its acquisition of bank stock, and it thereupon brought a proceeding in which it sought to have both acts declared unconstitutional.

The Bank Holding Company Act was unconstitutional, contended the plaintiff, principally because: (1) it violated §22 of Article IV of the Illinois Constitution, which prohibits the grant of any special or exclusive privileges to any corporation, in that bank holding companies in existence on the effective date of the act were permitted to continue their existing ownership of bank stock; (2) it violated §1 of Article XI of the Illinois Constitution, which provides that all corporate laws shall be general in scope and shall apply to all alike, in that it was a special law applicable only to some corporations because it granted to some the right to exist as bank holding companies and denied that right to

others; (3) the act violated §1 of the 14th amendment of the United States Constitution because it discriminated against the plaintiff, resulting in a denial of the equal protection of the laws, in that bank holding companies in existence on the effective date of the act, owning or controlling a majority of voting shares of a bank, could purchase additional shares without limitation, and minority interests were denied the right to acquire the majority interest.

The plaintiff's contentions were upheld in the lower court, which ruled both acts invalid. On appeal, the Illinois Supreme Court reversed the judgment and held the acts to be constitutional.

THE court noted that the legislature has the power to enact so-called class legislation if there is a reasonable basis for the classification. A "reasonable basis" did in fact exist, said the court.

It stressed the declared purpose of the holding company act; namely, the protection of the independence of unit banks and the maintenance of competition in the banking system. The court noted that branch banking has been prohibited in Illinois for many years. It is clear, said the court, that this "prohibition could be circumvented and indirect branch banking result if, through ownership of bank stock, one or more bank holding companies could control several banks. Branch banking can be accomplished by one bank operating at several locations or by one company owning or controlling

(CONTINUED ON PAGE 88)

The FIRST NATIONAL CITY BANK of New York



Head Office: 55 Wall Street, New York

77 Branches
in Greater New York

74 Overseas Branches,
Offices and Affiliates

Statement of Condition as of December 31, 1958

ASSETS

CASH AND DUE FROM BANKS	\$1,767,601,412
UNITED STATES GOVERNMENT OBLIGATIONS	1,511,901,738
STATE AND MUNICIPAL SECURITIES	520,511,051
OTHER SECURITIES	108,335,782
LOANS	3,836,340,391
CUSTOMERS' ACCEPTANCE LIABILITY	98,668,993
FEDERAL RESERVE BANK STOCK	18,600,000
INTERNATIONAL BANKING CORPORATION	7,000,000
BANK PREMISES, FURNITURE AND EQUIPMENT	47,129,511
ITEMS IN TRANSIT WITH OVERSEAS BRANCHES	995,347
OTHER ASSETS	9,398,216
Total	\$7,926,482,441

LIABILITIES

DEPOSITS	\$7,009,693,334
LIABILITY ON ACCEPTANCES AND BILLS	102,912,162
FOREIGN FUNDS BORROWED	1,245,700

RESERVES:

UNEARNED INCOME	33,878,912
TAXES AND ACCRUED EXPENSES	57,293,047
DIVIDEND	8,280,000

SHAREHOLDERS' EQUITY:

CAPITAL	\$240,000,000
(12,000,000 Shares—\$20 Par)	
SURPLUS	380,000,000
UNDIVIDED PROFITS	93,179,286
Total	\$7,926,482,441

Figures of Overseas Branches are as of December 23.
\$543,001,604 of United States Government Obligations and \$5,249,300 of other assets are pledged to secure Public and Trust Deposits and for other purposes required or permitted by law.

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CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Capital Funds \$34,595,373

We shall be glad to send, upon request, a complete copy of the 1958 "Report to the Shareholders" of THE FIRST NATIONAL CITY BANK OF NEW YORK and CITY BANK FARMERS TRUST COMPANY.

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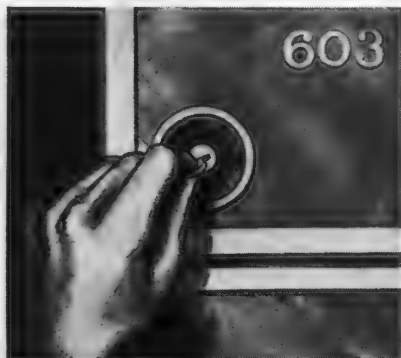
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(CONTINUED FROM PAGE 86)

several banks variously located." Therefore, said the court, the act appeared responsive to the Illinois policy that further to concentrate bank ownership and control would destroy the autonomy of independent, unit banks. The "legislature has not decreed that there be a divestiture of existing holdings of companies classified as bank holding companies, but rather that the concentration as it now exists has gone far enough."

There was nothing arbitrary in exempting existing bank holding companies, said the court, because the purpose of the act was to prevent "further concentration of control, and this is reached, reasonably, by the institution of the prohibition against further acquisition. Neither the fourteenth amendment nor the Illinois Constitution forbids statutes and statutory changes to have a beginning, nor does either prohibit reasonable discrimination between rights as of an earlier time and rights as they may be determined at a later time."

The court concluded with the statement that the classifications provided for in the act were clearly founded upon a reasonable basis and "constitute no special legislation, deny no equal protection of the laws, and grant no privilege or immunity in effecting such classification, in violation of constitutional provisions."

The court also ruled that the companion legislation, the Business Corporation Act, was valid. *Braeburn Securities Corporation v. Smith (Ill.) 153 N.E. (2d) 806.*

BRIEF NOTES ON OTHER CASES

Acceptance. Where draft addressed as follows:

To Shaw Pkg. Co.

Tyler State Bank & Trust Co.
Tyler, Texas

was retained by Tyler bank for more than 24 hours, bank was not an acceptor of the draft because it was not the drawee of the item but merely agent of the payee to collect and remit. Case previously reported in April 1958 issue of *BANKING*. *Tyler Bank & Trust Company v. Saunders (Tex.) 317 S.W. (2d) 37.*

Chattel mortgages. Unrecorded chattel mortgage is valid and binding as between mortgagor and mortgagee, and parties in privity with

them. Widow taking mortgaged automobile by virtue of her statutory allowance is in privity with her husband and unrecorded mortgage is binding on her. *Beneficial Finance Co. of Indianapolis v. Nelson* (Ind. App.) 153 N.E. (2d) 613.

Under New York law, delay of seven days in filing chattel mortgage, "without more," is not so unreasonable as to render mortgage void as against creditors of bankrupt mortgagor. *Brown v. Atlantic Bank of New York* (C.A., N.Y.) 259 Fed. (2d) 920.

Bank personnel. Woman held to be independent contractor, not includible as bank employee for purpose of determining bank's liability for unemployment insurance taxes, in case where she had a regular job but was engaged by bank to do janitorial work and performed services for bank before or after business hours, was free to get others to do work for her and was not supervised by anyone connected with bank. *Farmers & Merchants Bank v. Vocelle* (Fla. App.) 106 So. (2d) 92.

Promissory notes. Where signer of note designated self as administrator for a certain family, signer held personally liable because designation did not denote any legal capacity, was superfluous, and had no legal bearing on signature. Contention that signer was acting as agent for the estate was rejected because it was not shown that he was administrator of the estate and that he had authority to sign. *Burk v. Hammond* (Ga. App.) 105 S.E. (2d) 807.

In payee's action against endorser of corporation note, parol evidence that payee and endorser, who was corporation president, had agreed that endorser should not be personally liable and that note would be paid out of corporation profits was held inadmissible as contradicting terms of note. *Land v. Lynn* (Okla.) 331 Pac. (2d) 942.

Before criticising your wife's faults, remember that they may have prevented her from getting a better husband.

If you aren't too conceited, people will give you credit for knowing more than you do.



PHOTO BY JAPAN AIR LINES

Questions on the Far East?

Get the answers from the bank that specializes in financing trade to and from the Far East. Through its 41 branches located right on the spot, the "Hongkong Bank" gathers current information on credit and conditions and relays it rapidly to you. At your disposal, too, are the offices of the Bank's California subsidiary in San Francisco and Los Angeles, or its agency in New York. One call will put these vast facilities to work for you.

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BANKING NEWS

Moderate Improvement in Over-all Business Seen by Bankers Participating in A.B.A. Outlook Survey

Bankers throughout the country are in almost complete agreement that overall business in the United States will show moderate improvement during the early months of 1959, according to the semiannual business and credit outlook survey, which was recently completed by the Credit Policy Commission of the American Bankers Association. William F. Kelly, president, The First Pennsylvania Banking and Trust Company, Philadelphia, is chairman of the Commission.

Throughout the 12 Federal Reserve districts, bankers show widespread agreement that the first half of 1959 will be a rather dull year for those who read charts or business graphs. Except for a few purely local situations and minor variations resulting from geographical differences, there is little to indicate the development of any significant economic trends.

First Half 1959 Credit Demand

Nearly all of the bankers cooperating in the survey report that indications for the early months of 1959 show expectations of a slightly greater demand for credit. The report says that there was "variation only in the way it was stated—'moderately up,' 'level to slightly higher,' 'some increase,' 'a slight improvement.' In the 12th District, the term was 'decidedly up.'"

An example of a variation from the national sentiment was noted in the 10th Federal Reserve District centering in Kansas City, where bankers expect demand for real estate and agricultural loans to be lower. This purely local situation reflects the prosperous agricultural situation and the good crop year. Home construction in this area is expected to be maintained at about the same levels as in 1958 while commercial and industrial construction and public construction will be active.

Other Federal Reserve districts covering the Middle West report similar prosperity in agricultural

regions; and while building construction is expected to be up, there is slightly less need for credit.

One weak spot in the situation reported by banks in the Minneapolis Federal Reserve District is in the mining industry where production of iron ore has been down substantially, reflecting the strikes in the automobile industry; but this is expected to improve.

A summary of the survey report as a whole says: "Anticipation of a modest rise in credit demand applies to commercial, consumer, real estate, and small business loans.

"No general or significant changes were reported anywhere with regard to bank policy on extending credit to small businesses."

R. C. Bowen Joins A.B.A. As Market Researcher, G. Russell Clark Announces

Robert C. Bowen has joined the staff of the American Bankers Association as market research specialist, A.B.A. Executive Manager G. Russell Clark has announced.

Mr. Bowen came to the A.B.A. from the New York Stock Exchange, where he had been a market research associate. Earlier he had been with Crossley S-D Surveys, Inc., New York, as assistant project director; and Student Marketing Institute, New York, as southern regional director of a campaign for a national tobacco company.

A native of Starkville, Miss., Mr. Bowen is a graduate of Alabama Polytechnic Institute, B.S. in 1948; and Pennsylvania State University, M.S. in 1952.

The A.B.A.'s market research program is under the direction of the Research Council, which is headed by Roy L. Reiersen, vice-president of the Bankers Trust Company, New York, chairman; and Eugene C. Zorn, Jr., A.B.A. deputy manager and director of research.

Trust Conference Program to Offer Special Program on Bank Fiduciary Funds

C. E. Treman, Jr., president, New York Fiduciary Fund, to speak

The widespread interest among trustmen in all parts of the United States concerning the creation of bank fiduciary funds will be recognized at the 40th Mid-Winter Trust Conference of the American Bankers Association scheduled for The Waldorf-Astoria in New York, February 9-11.

On Monday afternoon, February 9, following conclusion of a panel on problems of smaller trust departments, which will end about 4 o'clock, there will be a special program on bank fiduciary funds. This program will supplement an address to be given earlier in the afternoon by C. E. Treman, Jr., who is president of the New York Fiduciary Fund and vice-president and trust officer, Tompkins County Trust Company, Ithaca, N. Y.

States Considering Funds

At the present time, several states are considering the advisability of creating bank fiduciary funds. The New York Fiduciary Fund was the original one, and those who will participate in the special program are representatives of New York banks and were active in the establishment of the New York Fund. They are appearing on an informal panel to answer any questions that interested trustmen may have concerning the creation, establishment, and operation of, as well as experiences connected with, such a fund.

Those who are participating include: Mr. Treman; Charles W.

(CONTINUED ON PAGE 92)

Robert C. Bowen



Trust Division Can Supply Documentary Stamp Taxes and Transfer of Stocks and Indebtedness Certificates Data

The Trust Division of the American Bankers Association has just mailed to all members of the Division and has available on request by member banks a release of information from the Internal Revenue Service of the Treasury Department dated December 23, 1958, concerning documentary stamp taxes on the original issue and transfer of stocks and certificates of indebtedness under the Excise Tax Technical Changes Act of 1958. This law became effective January 1.

Prior to that time, the A.B.A. Committee on Corporate Trust Activities provided members of the Division and other interested member banks of the Association with a memorandum suggesting procedures to be followed pending the issuance of any official regulations by the Treasury Department.

The procedure outlined in the communication from the Internal Revenue Service has been provided on an interim basis pending issuance of regulations. The Tax Rulings Division's statement says: "We are sure you appreciate that since regulations under the new law have not been prescribed, the information furnished . . . should be regarded as general information only and not as rulings by which the Service will be bound. However, you may rely on the comments made until such time as a different rule is announced in the regulations or you are otherwise advised to the contrary."

Committee Seeks Relief

In a letter to the banks, the A.B.A. Trust Division Committee calls attention to the fact that the Treasury Department did not accept a recommendation "to permit transfer agents to execute certifications as to actual value when transfers are received without certifications." The Committee will make further efforts to obtain relief from this burdensome and costly operation.

The Committee also calls attention of the banks to other differences between its memorandum and the Treasury Department's release, such as a suggested form of certification, the determination of actual value for transfer tax purposes applying to a gift of stock, and deter-

mination of actual value in the distribution of shares to legatees, testamentary trusts, or trust remaindermen.

The A.B.A. Committee on Corporate Trust Activities, which will keep Association member banks informed of further developments, includes in its membership: Ronald M. Kimball, vice-president, Continental Illinois National Bank and Trust Company, Chicago, chairman; S. Vilas Beckwith, trust officer, The Bank of California, N.A., San Francisco; Hugh S. Hauck, vice-president, The Boatmen's National Bank, St. Louis; Donald A. Hazlett, vice-president, Mellon National Bank and Trust Company, Pittsburgh; A. C. Lapeyre, vice-president, The Hibernia National Bank in New Orleans; Sanford L. Smith, vice-president, City Bank Farmers Trust Company, New York; and Joseph E. Williams, vice-president, The Chase Manhattan Bank, New York.

Supplement to A.B.A.'s Federal Wage-Hour Handbook for Banks Sent to Members

The Bank Personnel Administration Department of the American Bankers Association has issued Supplement No. 1, dated January 5, 1959, to its *Federal Wage-Hour Handbook for Banks—1956 Edition*. The Supplement discusses increase in the minimum salary requirements for exempt executive, administrative, and professional employees, to be effective February 2, 1959.

The information included is keyed by chapter and page number to the 1956 edition and includes information on the following: Chapter 2—Exempt Employees; Chapter 3—Maintenance Workers; Chapter 7—Overtime Compensation; Chapter 8—Regular Rate of Pay; and Joint Employment Relationships.

A complimentary copy of the *Handbook* was sent, at time of publication, to each A.B.A. member bank; likewise, a copy of the Supplement has been sent to all member banks.

George B. Ward, deputy manager,

Need for Trust Policy Handbook for Internal Use Emphasized by C. C. McGhee

In recent years, due to the steady expansion in the use by the public of trust services, many banks in their business extension activities have published policy handbooks to provide clients and prospective clients with information about policies, practices, and procedures involved in establishing and carrying on trust relationships. Some of the larger banks in their employee training programs have published operating manuals for the guidance of staff and for the training of new employees. For some years, it has been increasingly evident among leading trustmen that some form of a trust department policy handbook for internal use, which will enunciate a bank's policy in clear and concise terms for the guidance of staff members, is needed.

In the January edition of the *Trust Bulletin*, published by the Trust Division of the American Bankers Association, appears an article by C. Coleman McGhee, trust officer of the First & Merchants National Bank of Richmond, Va., which discusses "Trust Policy—Fact or Fiction," which may, depending upon a response by trustmen, provide a basis for formal action by the Trust Division in the preparation of such a policy handbook.

In his article, Mr. McGhee differentiates among the policy handbook for internal use and the official pamphlet and the operating manual, which all serve a purpose in the general program of providing better trust services for the public.

ABA's Mid-Continent Trust Conference Will Be Held in Detroit, Nov. 5-6

The 28th Mid-Continent Trust Conference of the American Bankers Association will be held November 5-6, 1959, at the Statler Hotel, Detroit, Mich., according to Carlysle A. Bethel, president of the A.B.A. Trust Division. Hosts to the conference will be trustmen of Detroit.

A.B.A., is director of the Bank Personnel Administration.

Banks Asked to Assist U. S. Defense Department in Procurement Program

A request that the American Bankers Association's member banks and the state secretaries assist the U. S. Department of Defense (Air Force, Army, and Navy) with its procurement program was mailed last month by the Small Business Credit Commission of the Association.

So that banks may be in position to advise their customers, a brochure has been sent to each bank by the U. S. Air Force, acting for all three branches of the Defense Department. It instructs small businessmen how to locate opportunities to become sources of supply, research, and development.

The letter was signed by Carl M. Flora, vice-president, First Wisconsin National Bank, Milwaukee, who is chairman of the Commission.

Exhibitors at A.B.A.'s Mid-Winter Trust Conference

Organizations that will have educational displays at the A.B.A.'s 40th Mid-Winter Trust Conference at The Waldorf-Astoria in New York, Feb. 9-11, were announced by Robert J. Stiehl, director of educational displays and assistant advertising manager of BANKING. They are:

The Merrill Anderson Company, Inc.
Commerce Clearing House, Inc.
O. Rundle Gilbert



COURTESY CHASE MANHATTAN BANK

Forty senior officers of New York area banks attended the "Executive Night" dinner of the Metropolitan New York Group, National Association of Bank Women at the Sherry Netherland Hotel, New York, on January 14. Adm. Arthur W. Radford, USN, Ret., spoke on "Our Economic War." Admiral Radford is consultant on international banking for Bankers Trust Company. Shown with the Admiral, in this photograph, are Thekla I. Burns, group chairman, and manager, Women's Department, Park Avenue Branch, The Chase Manhattan Bank, left, and Charlotte A. Engel, president, NABW, and trust officer, National Savings & Trust Company, Washington, D. C.

Institute for Business Planning, Inc.
New York Life Insurance Company
Port of New York Authority
Kennedy Sinclair, Inc.
Vacumatic North America, Inc.
Wassell Organization, Inc.

Trust Conference to Discuss Bank Fiduciary Funds

(CONTINUED FROM PAGE 90)

Buek, vice-president, United States Trust Company of New York; Robert A. Jones, vice-president, Guaranty Trust Company, New York; Charles E. G. Lloyd, secretary, trust

division, New York State Bankers Association; and Hollis B. Pease, vice-president, The Hanover Bank, New York.

Also, LeRoy B. Staver, vice-president and trust officer, United States National Bank of Portland, Oreg., who is chairman of the A.B.A. Trust Committee on Fiduciary Legislation, which prepared the model statute, will be present to explain and answer questions on the statute.

An inflated individual is even worse than an inflated dollar.

• NEWS •

Savings

Roth Suggests Legislation Affecting Savings Banks

A PROGRAM of legislation affecting mutual savings banks in New York State has been proposed to Governor Nelson A. Rockefeller by Arthur T. Roth, president, Franklin National Bank of Long Island. Mr. Roth claims that his program would raise some \$215,000,000 in new revenue for the state without new taxes on business or individuals.

He proposes that legislation be

enacted which would permit savings banks to convert into commercial banks. He believes that besides an estimated \$120,000,000 annually in funds for the state during the conversion, this action would shift money now in savings banks into commercial channels and create additions to incomes and business profits through a fuller flow of business credit.

Specific corrective proposals made

by Mr. Roth would include:

(1) That New York State tax savings banks within the state on income received from out-of-state mortgages. (Estimated yield \$30,000,000 annually.)

(2) A state franchise tax on mutual banks. (Estimated yield \$40,000,000 annually.)

(3) Legislation to permit mutual savings banks to convert to commercial bank status during the next

10 years. (Estimated yield, \$120,-000,000 annually for 10 years.)

Annual reduction of \$25,000,000 in the interest bill of New York municipalities, counties, and school districts was forecast from legislation urged by Mr. Roth to compel mutual savings banks, if they invest in common stocks, to hold at least 5% of their assets in school and municipal bonds.

Legislative Aims of Mutual Savings Banks

IN an outline of the Federal Legislative program of the savings bank industry, John de Laittre, vice-president, National Association of Mutual Savings Banks and president, The Farmers and Mechanics Savings Bank of Minneapolis, included these points: Legislative recommendations to Congress to free interest rates on FHA-insured and VA-guaranteed mortgage loans; support of Federal Reserve Board's flexible money and credit policies; and a firm stand in favor of the current tax laws applicable to mutual savings banks.

Mutuals Are Studying New Types of Services

WHILE speaking on "Savings Bank Services—Development of a National Policy" at the annual mid-year meeting of the National Association of Mutual Savings Banks in New York, Frederick C. Ober, president, Fitchburg (Mass.) Savings Bank, warned that "if savings bank-

ing, now confronted with more aggressive and more effective competition than ever before in its history, is to continue to reassert its rightful place in the leadership of the thrift industry, we as a national association must do two things:

"(1) Analyze our present services and their adequacy to cope with the underlying direction of thrift trends. Of course, this must also include analysis of how we are using our present powers as well as helping and encouraging our banks to use all their existing services to the fullest. This is surely a prerequisite to further progress.

"(2) Through study of these present savings patterns we can develop new services to answer the requirements of today's savers. In this way the National Association can develop a broad national policy in savings bank services which will increase our usefulness to our communities and the national economy."

Mr. Ober enumerated five services which he said are now being studied by other financial institutions and which his committee—the Committee on Savings Bank Services—feels are worthy of study. "Of course," he said, "there has been no policy determination as to whether or not our industry would adopt them, but we propose to look into them."

The five services discussed by Mr. Ober:

"(1) Direct sale to the public of shares in the savings bank investment funds. Three states now have savings bank investment funds for use by banks themselves. What could be a more logical development

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than the extension of this to the sale to the public directly as an answer to mutual fund competition?

"(2) A variable savings account consisting in part of a participation in an equity fund of fluctuating value, which would afford some protection against inflation to those depositors who wish to use it. Both of these types of accounts, both of these services would be a way to combat the pessimistic acceptance of inevitable inflation and though they are entirely different in concept from our standard savings accounts they certainly come within the area of serving thrift.

"(3) Investment of pension funds of smaller companies. It is surely proper for the savings bank industry as a leading factor in the thrift business to have a share in the important job of making secure the retirement of the American worker. What actually could be closer to the original purpose of savings banking itself than this?

"(4) Bonus type accounts requiring systematic savings for a period of time and with a higher rate of return. Savings and loan associations, as we all know, have used this type of account for years.

"(5) Long-term savings and financing plans for educational purposes with some kind of appropriate partial guarantee."

Housing and Mortgages

Louis B. Lundborg Looks at Future Mortgage Financing Prospects

"IN the past 13 years, since the close of World War II, we not only have witnessed one of the most exciting periods in American economic history, but we also have seen major changes in the field of banking," Louis B. Lundborg, president of the A.B.A. Savings and Mortgage Divi-

sion and vice-president, Bank of America N.T.&S.A., San Francisco, said in an address before the Association's 11th National Credit Conference in Chicago. "Nowhere," he added, "have these changes been more dramatic than in the field of mortgage credit—and particularly

in the part that banks have to play in that field."

Mr. Lundborg pointed out that "an analysis of the housing market naturally begins with an analysis of the number of households. . . . In attempting to apply all the considerations [of household formations] to the housing market of the 1960s, we are forced to break the decade into two parts because of the differential impact of house-

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hold informations in the two halves of the decade."

He feels that "it is quite likely that the first half of the decade will generate an average annual demand of 1.2-million nonfarm [housing] starts, and the late 1960s an average demand of 1.4-million starts. Assuming a continuation of the upgrading phenomenon seen throughout the postwar era, we can expect new housing demand to average roughly \$21-billion in the first half of the decade and roughly \$26-billion in the second half—as compared with \$17.5-billion in 1958."

Continuing, Mr. Lundborg stated, in part:

"Assuming that housing costs can be kept within bounds, and that demand of the magnitude indicated will develop, we must now ask whether there will be a pool of credit available for new residential construction of comparable magnitude. Actually, two questions must be answered: (1) How much will be available in the total pool of savings? and (2) How much will be channeled into new residential mortgages?

"First, let us consider the basic source of mortgage funds; that is, personal savings. Despite cyclical instability in total personal savings, we have seen long-term stability in the average savings-income ratio, notwithstanding many changes in the nation's economic structure, financial organization, and socio-economic attitudes. This fact suggests that the actual volume of savings will grow apace with the economy in the coming decade, and the fact of smaller fluctuations in postwar business cycles suggests that savings will flow relatively evenly into the pool of credit available for residential construction. Thus, the future size of the pool of credit available for residential mortgages is largely a function of the growth of the GNP.

"If this growth (in 1958 dollars) comes up to expectations, it should reach a figure of about \$575-billion by 1965 and \$675-billion by 1970. If the ratio of personal savings to disposable personal income averages around 7%, the total "pool" of

credit available for mortgage lending, by the definition established earlier, should be about \$352-billion in 1965 and \$457-billion by 1970. This would indicate an increase of \$193-billion for the 1960-70 period.

"Total new residential construction for the same period is estimated at roughly \$235-billion. Of course, not all of the new construction must be financed by additions to the pool, for payoffs on existing mortgages will provide funds for new loans. During the years 1948-1957, growth in the amount of residential mortgage debt was only 60% of the value of new construction in the same years. This period witnessed much of the extension of amortization periods and the reduction of down-payments previously referred to, and it is unlikely that the ratio of mortgage debt to the value of new construction will rise further. Using this percentage as a rough estimate of the demand for added mortgage funds, we obtain a figure of \$141-billion of additional funds needed for the years 1960-1970.

"Thus, while the expected increase in the size of the pool of savings available for residential mortgages will more than match the increased demand, the margin appears uncomfortably thin. If the full volume of mortgage funds implied by the estimate for new construction is to be met, mortgages must claim about 73% of the increase in the pool of funds available for this purpose. The

result will be an unprecedentedly high share of the total pool of funds invested in mortgages."

1958 Housing Starts

NONFARM housing starts reversed a 2-year downtrend and rose to a total of almost 1,200,000 units in 1958, according to preliminary estimates of the U. S. Labor Department's Bureau of Labor Statistics. The unusually large volume of housing begun in the second half of the year pushed the 1958 total 15% above 1957, to the highest level since 1955.

The total number of nonfarm dwelling unit starts in 1958 was 1,197,700, compared with 1,041,900 in 1957.

December starts totaled 91,000 units, which was more than 40% above the December figure for the previous two years. The 89,500 private units started in December 1958 almost matched the 1954 record for the month and represented a seasonally adjusted annual rate of 1,430,000.

Private housing begun in 1958 totaled 1,130,600 units, or 14% more than in 1957.

New Construction Dollar Volume Increased 2% in '58

THE dollar value of new construction put in place during 1958 totaled

Comparative Statistics Show Savings and Mortgage Growth in 1958

INDIVIDUAL savings during 1958 rose substantially over 1957, according to preliminary estimates prepared by the Savings and Mortgage Division of the American Bankers Association. Likewise, the volume of mortgage loans in 1958

topped 1957 by a substantial margin.

Statistics prepared by the Division show this comparison of savings growth in 1958 and of the percentage of thrift money invested in mortgage loans by type of agency:

Time Deposits and Real Estate Loans (in millions of dollars)

Institution	1957 Time Deposits	1958 Time Deposits	1957 Real Est. Loans	1958 Real Est. Loans	1957 % Loans to Dep.	1958 % Loans to Dep.
Comm'l banks	56,139	64,000	23,357	25,190	41.1	39.3
Mutual savings bnks.	31,662	34,000	19,010	20,965	60.0	61.6
S&L assns.	41,912 ¹	47,100 ¹	40,007	45,500	95.5 ¹	96.6 ¹
Life ins. cos.	83,400 ²	87,700 ²	35,200	37,000	42.2 ²	42.2 ²

¹ Private purchasable capital

² Policy reserves

\$49-billion, about 2% above the record \$48.1-billion spent in 1957, according to preliminary estimates prepared jointly by the U. S. Departments of Labor and Commerce. The \$34-billion private total matched the alltime high of 1957, and public outlays rose 6% to a new peak of \$15-billion.

Preliminary indications are that the overall physical volume of new construction put in place during 1958 (expenditures adjusted for price changes) was about the same as in 1957, or slightly below the peak of 1955.

Primarily because of the \$1.1-billion drop in industrial building, 1958 was the first year since 1949 that the private total failed to show an over-the-year increase. Private spending reached new highs in 1958 for office buildings and warehouses, schools, and hospitals, and the rate of decline in store building was less than half that experienced in 1957. Construction of churches and related buildings held near the record level of 1957, as did outlays for privately owned public utilities. Strength in the latter reflected continued expansion in electric power and gas facilities, which almost offset declines in new construction by railroad and telephone and telegraph companies.

Private residential construction, after declining in 1956 and 1957, rose 5% in 1958 to \$17.9-billion, but was still 4% below the 1955 peak. The value of work done on new dwelling units began to exceed year-earlier levels in June 1958, and the gains widened from 8% in the third quarter to 17% in the fourth quarter. Despite this improvement, the 1958 total dollar volume for new dwelling units (\$13.4-billion) was about \$1.6-billion, or 11%, less than the peak of 1955. Spending last year for additions and alterations to existing residences almost equaled the 1957 record, and the value of work done on new hotels and motels reached a new high.

Industry Facing Busy Year

MORTGAGE lending, and the home building industry it finances, faces an active and busy year in 1959 but the most constructive action the new Congress could take to further spur new construction would be to free the FHA and VA mortgage interest rates from their below-money-market levels, Walter C. Nelson, presi-

Sparkman Introduces Omnibus Housing Bill

SENATOR John Sparkman, with five cosponsors, has introduced an Omnibus Housing Bill.

The Senator hopes that the bill can be passed within two months as the first order of business. It follows, in general, the broad outlines of the measure that Congress failed to pass last year. It includes additional authorizations for FHA mortgage guarantees, more funds for urban renewal, more college housing loans, and funds for direct loans to veterans.

As soon as the bill can be analyzed by the A.B.A. its main provisions will be reported to member banks. (See also page 127.)

dent of the Mortgage Bankers Association of America, told the Louisiana Mortgage Bankers Association annual convention in New Orleans. Mr. Nelson is president of the Eberhardt Company of Minneapolis.

"To keep a large segment of the home-buyers out of the FHA market by a fixed, unrealistic rate is wrong and it should be condemned at every opportunity," he said. "It adds to the cost by the initial purchaser to a much larger degree than a slightly higher interest rate would do. The purchaser must equalize the low rate by paying a heavy discount for the anticipated term of the loan and pay it out in a lump sum rather than by easy periodic payments during the term of his ownership."

Continuing, Mr. Nelson said he believes the first three months of 1959 will see a return to some slight pressure on mortgage loan correspondents to get advance commitments for some of their investors. "Remember their funds must not remain idle," he said. "Interest and dividend demands do not cease. At present there is practically no overhang of uncommitted loans in the market."

Some National Housing Inventory Findings

IMPORTANT conclusions to be drawn from the 1956 National Hous-

ing Inventory — Volume II, Financing of Owner-Occupied Residential Property, published recently by the Census Bureau of the U. S. Department of Commerce include the following:

As a rule, increases in mortgage debt on United States homes in recent years have been less than increases in home owners' incomes. And, in spite of depreciation, current market value of mortgaged homes rose by 33% in the period from 1950 through the end of 1956.

The special inventory estimated that the median current market value of all mortgaged houses as of December 31, 1956 was \$12,416, with 31% of them valued at less than \$10,000, another 35% from \$10,000 to \$15,000, and 34% valued at over \$15,000.

Mortgage debt on new single-unit houses built between 1950 and 1956 accounted for 63% of total outstanding home mortgage debt in 1956. The debt on houses built before 1950 was virtually unchanged.

FHA and VA guaranteed loans accounted for 44% of first mortgage loans in 1956, compared with 41% in 1950, and 55% of total outstanding mortgage debt in 1956, compared with 45% in 1950. During this span, the number of VA loans increased 188%, and FHA loans 85%.

Total single-family, owner-occupied outstanding home mortgage debt of \$79.4-billion in 1956 amounted to 54% of the estimated value of mortgaged properties, while the total of \$28.6-billion in 1950 was 48% of estimated value. The 1956 debt outstanding amounted to 83% of the original loans; the 1950 outstanding debt equalled 82% of original loans.

Of all mortgaged homes, 32% were built prior to 1940; 20% were built between 1940 and 1950; 33% were built in the 1950-54 period, and 15% were built in 1955 and 1956.

The median original amount of FHA first mortgage loans was \$8,428 (outstanding balance in 1956, \$7,048); for VA loans \$9,804 (outstanding balance, \$8,715); and for conventional loans \$6,277 (outstanding balance, \$4,637).

• NEWS •

Bush Bill Asks FRB Curbs on Consumer Credit

A BILL asking for Federal Reserve Board authority to "make such rules, regulations and orders as it may deem necessary and appropriate" toward controlling "excessive use" of instalment credit in the financing of purchase of consumer durables was reintroduced to the Senate Banking Committee by Sen. Prescott Bush, R. Conn., immediately after the President's State of the Union Message last month.

The bill, similar to one entered by Senator Bush in 1958, amends the Employment Act of 1946, and provides authority for the Board to require keeping of records, correspondence, accounts, memorandums, books, etc., for an indefinite length of time, and to require reasonable periodic or other examination at its discretion. It would also enable the Board to "prescribe maximum loan or credit values, minimum downpayments in cash or property, trade-in or exchange values, maximum maturities, aggregate amounts of credit extended by or to any person, rules regarding the amount, form and time of various payments, rules against credit in specified circumstances, rules regarding consolidations, revisions, transfers, pledges or assignments of credit, and rules regarding other similar or related matters."

Instalment Credit Defined

The bill purports to cover instalment credit or "any closely related form of credit deemed by the Board of Governors to be necessary for inclusion as instalment credit in order to effectuate the purposes of this act or to prevent evasions thereof."

Instalment credit is defined as any credit for the purpose of purchasing, carrying or financing, or involving a right to acquire or use any durable goods for personal, family or household purposes other than construction or purchase of a residential building, provided that

ECONOMIC and business trends in the production of goods and services to be financed by instalment credit during 1959, and the constantly expanding new forms in which consumer credit is becoming more useful to new groups of bank customers will be discussed March 9, 10, and 11 in Chicago, when the National Instalment Credit Conference of the American Bankers Association meets at The Conrad Hilton.

The three morning sessions of the conference will be devoted to formal addresses by representatives of banks, manufacturers, and distributors interested in various phases of instalment credit administration and operation.

On the afternoons of March 9 and 10 the 1,700 attending will be divided into "full session" groups by size of bank instalment credit outstandings, for discussion of credit policies and operating problems in bank instalment loan departments.

There will be a "hospitality center," where registered bankers can meet during evenings for informal discussions of mutual problems.

A tentative program for the three morning sessions is announced by Edward Frey, president, Union Bank and Trust Company, Grand Rapids, Mich., and chairman of the Instalment Credit Commission:

Morning Session

Monday, March 9, 10 A.M.

Chairman, Mr. Frey.
Introductory remarks by Mr. Frey.

the credit is granted in return for partial payments over an extended period.

Violations of the Act or any rule, regulation or order issued by its authority would be punishable by criminal penalties of up to \$5,000 fine and one year imprisonment, the bill states.

Instalment Credit

A.B.A. National Instalment Credit Conference Set for Chicago, March 9-11

Address by John W. Remington, vice-president, American Bankers Association; president, Lincoln Rochester Trust Company, Rochester, N. Y.

Address by Jesse W. Tapp, chairman of the board, Bank of America N.T. & S.A., Los Angeles, Calif.

Speaker to be announced.

Morning Session

Tuesday, March 10, 9:30 A.M.

Chairman, Carl A. Bimson, president, Valley National Bank, Phoenix, Ariz.

"Opportunities Unlimited"—speaker to be announced.

Address by Ben D. Mills, vice-president, Ford Motor Company, Dearborn, Mich.

Address by Frederick L. Deming, president, Federal Reserve Bank, Minneapolis, Minn.

Address by Robert E. Brooker, president, Whirlpool Corporation, St. Joseph, Mich.

Morning Session

Wednesday, March 11, 9:30 A.M.

Chairman, Philip Woolcott, president, Bank of Asheville, N. C.

"Sweetmeats on Gilded Trays" by Carl E. Bahmeier, Jr., executive secretary, South Dakota Bankers Association, Huron, S. D.

Speaker to be announced.

Address by Ben H. Wooten, president, First National Bank, Dallas, Tex.

Summary by Mr. Frey.

Two More Banks Offer "Revolving Credit"

THE opening of another consumer credit frontier is gathering momentum as two banks announce their new line-of-credit plans. First Pennsylvania Banking and Trust Com-

pany, Philadelphia, is offering a plan similar to revolving credit usually offered only to businesses, for any individual meeting normal credit qualifications. This service, a relatively new credit function to be performed by banks for their customers, is presently offered by less than a dozen banks in the country.

First Pennsylvania's plan extends a Ready Money account for 20 times the applicant's estimated monthly ability to pay. The customer then receives a free supply of checks similar to regular First Pennsylvania checks, imprinted with his name, and complete with a pocket-folder to carry them and the usual personal balance record. He can use these for his checking account as well as to draw on his "line-of-credit." Interest rate charged is 1% per month on only the actual amount of money in use, based on the daily average amount in use during that month. This includes life insurance coverage. Monthly payment, both in amount and date, are set at the opening of the account. The customer then receives a monthly statement whether any money is in use or not, with no charge whatsoever made if there is no money in use.

N. Y. Bank Proposes Plan

FIRST NATIONAL CITY BANK, New York City, has made known its plans for offering a similar set-up, "Citibank Ready-Credit Plan." The bare outline of the plan is similar to that offered by Pennsylvania, including checks and several other details.

C&S Has "Instant Money" at Teller Windows

CITIZENS & SOUTHERN National Bank announces "Instant Money" to be available at teller windows of its Atlanta, Savannah, Macon, and Augusta, Ga., offices.

"Instant Money" will be part of the bank's Charge Account service, to begin in March. A customer may present his charge account credit card to a C&S teller and receive cash loans within 20 seconds. The card and the applicant's signature on a loan form will be the only requirements, and the loan amount will appear along with merchandise charges on the customer's monthly statement. The bank announces this as "a new level of convenience for individuals requiring small loans for emergencies and other purposes."

A.B.A. Banker Survey Shows "Moderate Optimism"

BANKERS throughout the country are in almost complete agreement that over-all business in the United States will show moderate improvement during the early months of 1959, according to the semi-annual business and credit outlook survey which has just been completed by the Credit Policy Commission of the American Bankers Association.

"If nothing spectacular is looked for in early 1959's economy, at least

no consequential credit problems are anticipated either—at least to the extent that a widespread pattern is seen. As one reply put it, the problems encountered are not classifiable as to type.

"No delinquency difficulties seem to be causing undue worry.

"As to the general outlook, there is an expectation in the eastern part of the country for something between 'stable' and 'generally better,' with a cautionary 'nothing spectacular' in one answer. In the Midwest, a slightly more optimistic tone appears, with an 'excellent outlook anticipated in some areas close to the Mississippi Valley. In the Far West, the prospects are good or better."

B of A Charge Plan Passes 4-Month Test

BANK OF AMERICA, N.T. & S.A., San Francisco, announces the extension of its Charge Account Plan, which has been operating in the Fresno area since last September, to the entire San Joaquin and lower Sacramento valleys.

The plan, first limited to the Fresno area as a pilot operation to test its workability and profitability for the bank, now has as participants over 1,000 local merchants and professional men, including physicians and dentists. The bank reports that "Bankamericards," credit cards denoting consumer membership, have been issued to some 70,000 applicants since September.

CALENDAR

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American Bankers Association

- Feb. 5-7 Instalment Credit Commission, Camelback Inn, Phoenix
- Feb. 9-11 MidWinter Trust Conference, Waldorf-Astoria, New York City
- March 2 National School Savings Forum, Roosevelt Hotel, New York City
- March 2-4 Annual Savings and Mortgage Conference, Roosevelt Hotel, New York City
- March 5-6 Committee on Real Estate Mortgages, Roosevelt Hotel, New York City
- March 9-11 Instalment Credit Conference, Conrad Hilton Hotel, Chicago

- March 19-20 Agricultural Commission and Subcommittee on Agricultural Credit, Westward Ho Hotel, Phoenix, Ariz.
- May 14-15 Southern Regional Trust Conference, Dinkler-Tutwiler Hotel, Birmingham, Ala.
- June 1-5 American Institute of Banking, The Bellevue-Stratford and the Sheraton Hotel, Philadelphia, Pa.
- Oct. 15-16 Western Regional Trust Conference, St. Francis Hotel, San Francisco
- Oct. 25-28 85th Annual Convention, Miami Beach, Fla.

- Nov. 5-6 28th Mid-Continent Trust Conference, Statler Hotel, Detroit, Mich.
Nov. 9-10 8th Annual National Agricultural Credit Conference, Netherland-Hilton Hotel, Cincinnati, Ohio

State Associations

- Feb. 4-6 Eastern Secretaries Conference, Skytop Lodge, Skytop, Pa.
March 19-21 Florida, Americana Hotel, Bal Harbour, Miami Beach
March 30-31 Eastern States Agricultural Credit Conference, Hotel Manhattan, New York City
April 12-14 Louisiana, Buena Vista Hotel, Biloxi, Miss.
April 13-15 Mexican, Torreon, Coahuila, Mex.
April 14-16 Georgia, Augusta Hotel, Bon Air
April 27-29 Ohio, Cleveland Hotel, Cleveland
May 5-6 Tennessee, New Gatlinburg Inn, Gatlinburg
May 7-8 Oklahoma, Mayo Hotel, Tulsa
May 7-9 North Carolina, The Carolina Hotel, Pinehurst
May 8-9 North Dakota, Clarence Parker Hotel, Minot
May 8-12 Maryland, Chalfonte-Haddon Hall, Atlantic City, N. J.
May 10-12 Missouri, Muehlebach Hotel, Kansas City
May 10-12 Texas, Gunter Hotel, San Antonio
May 13-15 Kansas, Hutchinson
May 14 Delaware, du Pont Hotel, Wilmington
May 14-15 Massachusetts, New Ocean House, Swampscott
May 14-16 South Carolina, Poinsett Hotel, Greenville
May 15-16 South Dakota, Sheraton Cataract Hotel, Sioux Falls
May 17-19 California, del Coronado Hotel, Coronado
May 18-20 Mississippi, Buena Vista Hotel, Biloxi
May 19-20 Illinois, Chase-Park Plaza Hotel, St. Louis, Mo.
May 20-22 Alabama, Tutwiler Hotel, Birmingham
May 20-23 New Jersey, Chalfonte-Haddon Hall, Atlantic City
May 21-23 Colorado, Broadmoor Hotel, Colorado Springs
May 22-23 New Mexico, La Fonda Hotel, Santa Fe
May 24-27 Pennsylvania, Chalfonte-Haddon Hall, Atlantic City, N. J.
May 25-27 Arkansas, Arlington Hotel, Hot Springs
May 31- June 2 Oregon, Marion Hotel, Salem
June 3-4 Indiana, French Lick-Sheraton Hotel, French Lick
June 3-7 Dist. of Col., The Homestead Hotel, Hot Springs, Va.
June 4-6 Utah, Utah Hotel, Salt Lake City
June 5-6 Connecticut, Equinox House, Manchester, Vt.
June 7-9 Idaho, The Lodge, Sun Valley
June 9-10 Minnesota, St. Paul Hotel, St. Paul

- June 11-13 Washington, Olympic Hotel, Seattle
June 11-13 Wyoming, Casper
June 15-17 Wisconsin, Schroeder Hotel, Milwaukee
June 18-20 Michigan, Grand Hotel, Mackinac Island
June 18-20 Montana, Canyon Hotel, Yellowstone Park
June 18-20 Virginia, The Homestead, Hot Springs
June 19-20 *New Hampshire, Wentworth-By-The-Sea, Portsmouth
June 19-20 *New Hampshire Savings Banks, Wentworth-By-The-Sea, Portsmouth
June 19-20 New Jersey Savings Banks, Monmouth Hotel, Spring Lake
June 19-20 Vermont, Equinox Hotel, Manchester
June 19-21 Maine, Poland Spring House, Poland Spring
June 25 New York, Monmouth & Essex & Sussex Hotels, Spring Lake, N. J.
July 9-10 Western Secretaries Conference, Glacier National Park, Mont.
July 23-25 West Virginia, The Greenbrier Hotel, White Sulphur Springs
Aug. 9-21 Colo. School of Banking, Univ. of Colo., Boulder
Sept. 10-12 Maine Savings Banks, The Balsams, Dixville Notch, N. H.
Sept. 17-19 Massachusetts Savings Banks, Wentworth-By-The-Sea, Portsmouth, N. H.
Oct. 8-10 Connecticut Savings Banks, The Greenbrier Hotel, White Sulphur Springs, W. Va.
Oct. 11-12 Nebraska, Sheraton Fontenelle Hotel, Omaha
Oct. 16-17 New Hampshire (Fall Meeting), Mount View House, Whitefield
Oct. 16-21 New York Savings Banks, S. S. Nieuw Amsterdam, Cruise to Bermuda
* Joint meeting

Other Organizations

- April 15-18 NABAC Southern Regional Convention, Roosevelt Hotel, New Orleans, La.
April 27-29 Independent Bankers Association, Sheraton Hotel, Philadelphia, Pa.
April 27-29 NABAC Eastern Regional Convention, Deauville Hotel, Miami Beach, Fla.
May 11-13 NABAC Northern Regional Convention, Municipal Auditorium, Sioux City, Ia.
July 19- Aug. 1 NABAC School for Bank Auditors and Comptrollers, Univ. of Wis.
Sept. 21-23 NABAC 35th Annual Convention, Statler Hotel, Boston, Mass.
Sept. 21-24 46th Annual Convention, Mortgage Bankers Assn., Hotel Commodore, New York City
Sept. 23-25 Annual Convention, National Association of Bank Women, Milwaukee, Wis.
Oct. 4-7 Robert Morris Associates, Annual Fall Conference, Edgewater Beach Hotel, Chicago, Ill.
Nov. 1-5 Financial Public Relations Association, Americana Hotel, Bal Harbour, Fla.

All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

AUGUST							SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER							1960 JANUARY 1960									
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THE BANK OF HOLLYWOOD, HOLLYWOOD, FLORIDA, HAS USED BRANDT EQUIPMENT OF ALL TYPES SINCE ITS INCEPTION

When The Bank of Hollywood opened for business in 1950 it made a complete installation of Brandt machines including several Brandt Automatic Cashiers, a Coin Sorter and Counter and a Coin Counter and Packager. Since then they have installed additional Brandts, from time to time, as their volume of business increased.

The battery of Brandt machines used by this bank enables it to give speedy, accurate coin handling service to its customers.



It will cost you nothing to learn what Brandt machines can accomplish for you. A trial thereof is yours for the asking. To secure a trial, or detailed information, covering Brandt equipment, mail the coupon. Indicate also whether you wish information regarding our fine line of coin wrappers and bill straps.

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Established 1890
WATERTOWN, WISCONSIN

"Brandt" and "Cashier" registered United States Patent
Office and Canadian Trade Marks Office

BRANDT AUTOMATIC CASHIER CO. Watertown, Wisconsin

Gentlemen: Please —

- ☐ place with us for free trial purposes the Brandt machines checked below. ☐ supply us with detailed information covering the equipment checked.
- ☐ Brandt Automatic Cashier
☐ Brandt Coin Sorter and Counter
☐ Brandt Coin Counter and Packager
- ☐ send samples and prices of your coin wrappers and bill straps.

Name

Street

City State



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A simple check mark made by an accountant indicates that the figures balance . . . and are unquestionably accurate.

Each day millions of checks on La Monte Safety Paper are posted against accounts in banks and corporations. Business today accepts checks almost without question, for safety paper has virtually eliminated the opportunities of fraudulent alteration. Safety paper assures that the figures are as intended . . . unquestionably accurate.

La Monte
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GEORGE LA MONTE & SON • NUTLEY 10, NEW JERSEY

Banks Ahead in Fringe Benefits

IN a study of *Fringe Benefits 1957*, recently published by the Economic Research Department of the Chamber of Commerce of the United States, banks, finance and trust companies are shown to be paying 31.7% of payroll in fringe benefits—the highest of any industry included in the study. A breakdown of the amounts paid for various types of benefits showed a wide range as between different types of industries. This range is reflected in the summary below taken from Table V of the Chamber's study:

Industry Group	Total, all fringe benefits
Total, all industries	21.8%
Total, all manufacturing	20.3
Total, all nonmanufacturing	24.2
Public utilities (elec., gas, water, telephone, etc.)	23.5
Trade (wholesale & retail)	20.9
Hotels	13.4
Banks, finance and trust companies	31.7
Insurance companies	26.7
Miscellaneous industries (coal mining, warehousing, and laundries)	25.4

Bank Report Sees Inflation Dampers

THE First National City Bank of New York's 1958 report says that the price response to inflationary pressures in 1959 "may be dampened by the sufficiency of raw materials and labor, which keeps industry free from bottlenecks, by competitive pressures and unused productive capacity, and by generous food supplies."

"It also seems likely," continues the commentary by Chairman Howard C. Sheperd, President James S. Rockefeller, and Vice-chairman Richard S. Perkins, "that the recovery may run less vigorously until the capital goods industries are more fully engaged. Present estimates indicate only a moderate increase in capital expenditures during at least the first half of 1959. Meanwhile, ending of inventory liquidation should, in due course, increase the demand for bank loans, after allowance for seasonal influences."

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

Condensed Statement of Condition December 31, 1958

(Figures of Overseas Branches are as of December 24, 1958)

RESOURCES

Cash and Due from Banks	\$ 1,860,453,871.96
United States Government Securities and Securities Guaranteed by the Government	2,398,143,579.13
Federal Agency Securities	124,372,037.99
State, County, and Municipal Securities	740,290,190.72
Other Securities	154,734,050.16
Loans Guaranteed or Insured by the United States Government or its Agencies	1,382,149,369.30
Other Loans and Discounts	4,279,738,981.37
Bank Premises, Fixtures, etc.	130,696,396.48
Customers' Liability for Acceptances	150,067,009.00
Accrued Interest and Other Resources	70,207,265.61

TOTAL RESOURCES \$11,290,852,751.72

LIABILITIES

Capital	\$160,000,000.00
Surplus	340,000,000.00
Undivided Profits and Reserves	107,536,822.99
TOTAL CAPITAL FUNDS	\$ 607,536,822.99
Reserve for Possible Loan Losses	103,771,685.06
DEPOSITS { Demand	\$4,975,210,399.13
{ Savings and Time	\$5,332,350,593.47
Liability on Acceptances	152,985,857.84
Reserve for Interest, Taxes, etc.	118,997,393.23

TOTAL LIABILITIES \$11,290,852,751.72

Main Offices in the two Reserve Cities of California

SAN FRANCISCO • LOS ANGELES

Branches throughout California

Overseas branches: London, Manila, Tokyo, Yokohama, Kobe, Osaka, Bangkok, Guam

Member Federal Deposit Insurance Corporation • Member Federal Reserve System

Bank of America

(International)

A wholly-owned subsidiary

Condensed Statement of Condition December 31, 1958

Home Office—New York, N.Y. Branches: Duesseldorf, Singapore, Paris, Beirut, Guatemala City

(Branch figures are as of December 24, 1958)

RESOURCES

Cash and Due from Banks	\$136,330,592.04
United States Government Obligations	13,646,792.97
Other Securities	15,487,814.21
Loans and Discounts	141,269,082.88
Customers' Liability for Acceptances	26,056,780.50
Accrued Interest and Other Resources	2,128,808.03
TOTAL RESOURCES.	\$334,919,870.63

LIABILITIES

Capital	\$34,000,000.00
Surplus	6,800,000.00
Undivided Profits	1,201,812.11
TOTAL CAPITAL FUNDS	\$ 42,001,812.11
Reserve for Possible Loan Losses	2,630,002.42
Deposits	260,529,535.01
Liability on Acceptances.	27,575,309.75
Reserve for Interest, Taxes, etc.	2,183,211.34
TOTAL LIABILITIES	\$334,919,870.63

A.B.A. 11th National Credit Conference

Bankers and Other Executives Examine the Future Together

MORE than 1,000 officers from banks across the country met with executives from merchandising, industry and government in Chicago last month to explore domestic and international developments influencing bank credit policies for 1959. The five-session 11th Annual Credit Conference, held at the LaSalle Hotel on January 22 and 23, served as a recapitulation point for credit policies of 1958, and an orientation point for future credit policies in light of the business outlook for 1959.

Business Picture Colors Conference

The importance of this year's conference is underlined by uncertainties in the business picture, including the threat of a return of inflationary trends, the rapidly changing international scene, increased competition for domestic markets, and demands by the public for new forms of credit designed to provide flexibility in day-to-day business operation.

Here are just a few highlights from some of the addresses delivered at the conference, including some of A.B.A. President Lee P. Miller's opening remarks:

EXCERPTS from remarks delivered to the third session of the conference by Earl Coke, vice-president, Bank of America, N.T. & S.A., San Francisco, on "Modern Credit for Modern Agriculture," appear on page 84. Excerpts from an address delivered to the fifth session by Louis B. Lundborg, also a vice-president, Bank of America, and president of the A.B.A. Savings and Mortgage Division, appear on page 93.

Lee P. Miller, president, American Bankers Association, and president, Citizens Fidelity Bank and Trust Company, Louisville, Ky.:

"The past year provides another vivid illustration of the dynamic character of this economy of ours. The credit conference a year ago was held at a time of uncertainty. We meet today in an entirely different atmosphere. The predictions of the pessimists proved wrong. The pulse of business began to strike an upbeat before mid-year 1958. It has shown persistent improvement in the intervening months. Today's forecasts are just about in complete

agreement that 1959 will be a year of steady, further expansion. The only area of disagreement seems to center upon how broad and pervasive the expansion will be . . ."

FRB Gives Credit Signals

Looking to the future, Mr. Miller admonished: "Federal Reserve authorities, by influencing the availability and cost of credit through the reserve position of banks, affect the environment for lending. Intelligent loan policies should interpret this environment with a sense of statesmanship. Restraint should be a signal for more cautious lending policies. It should call forth the best efforts of bank lending officers and those responsible for the policies of other credit institutions to guard against uses of credit that may lead to instability and retardation of our country's growth. Admittedly, this is a difficult thing to do. Practices that later may become a source of instability are not always recognized as such. Nevertheless, it is my strong conviction that all of us must redouble our efforts to promote uses of credit that will contribute to a solid base

(CONTINUED ON PAGE 104)

Chairmen of the Four Credit Conference Daytime Sessions

Everett D. Reese



Edward J. Frey



Carl A. Bimson



William F. Kelly



AMERICAN TRUST COMPANY

San Francisco

Statement of Condition, December 31, 1958

RESOURCES

Cash on Hand and in Banks	\$ 289,101,703.30
U. S. Government Obligations	489,107,588.33
State, County and Municipal Bonds	93,568,449.98
Other Bonds and Securities	23,538,153.56
Stock in Federal Reserve Bank	3,000,000.00
Loans and Discounts	895,280,884.25
Bank Premises and Equipment	16,514,564.39
Other Real Estate	1.00
Customers' Liability under Acceptances	1,352,824.80
Accrued Interest Receivable and other Assets	15,277,514.46
Total Resources	\$1,826,741,684.07

LIABILITIES

Deposits	\$1,673,330,429.83
Acceptances Outstanding	1,370,136.95
Reserve for Unearned Discount	15,532,091.52
Reserve for Interest, Taxes, etc.	14,942,315.57
Other Liabilities	4,929,873.50
Capital Funds:	
Capital Stock (\$10.00 par value)	\$27,812,500.00
Surplus	72,187,500.00
Undivided Profits	16,636,836.70
Total Liabilities	\$1,826,741,684.07

United States Government and other securities carried at \$209,565,775.40 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

FRAZER A. BAILEY

San Francisco

WAKEFIELD BAKER

President, Baker & Hamilton

KENNETH K. BECHTEL

Chairman of the Board
Industrial Indemnity Company

COLBERT COLDWELL

Coldwell, Banker & Company

PETER COOK, JR.

Rio Vista

RANSOM M. COOK

Senior Vice President

PAUL L. DAVIES

Chairman of the Board, Food
Machinery and Chemical Corporation

CHARLES ELSEY

San Francisco

B. R. FUNSTEN

President, B. R. Funsten & Co.

DIRECTORS

HENRY Q. HAWES

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President, Fibreboard Paper
Products Corporation

HARRIS C. KIRK

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Publisher, Oakland Tribune

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Attorneys

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Kentfield

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President, The Pacific Telephone
and Telegraph Company

BEN F. WOOLNER

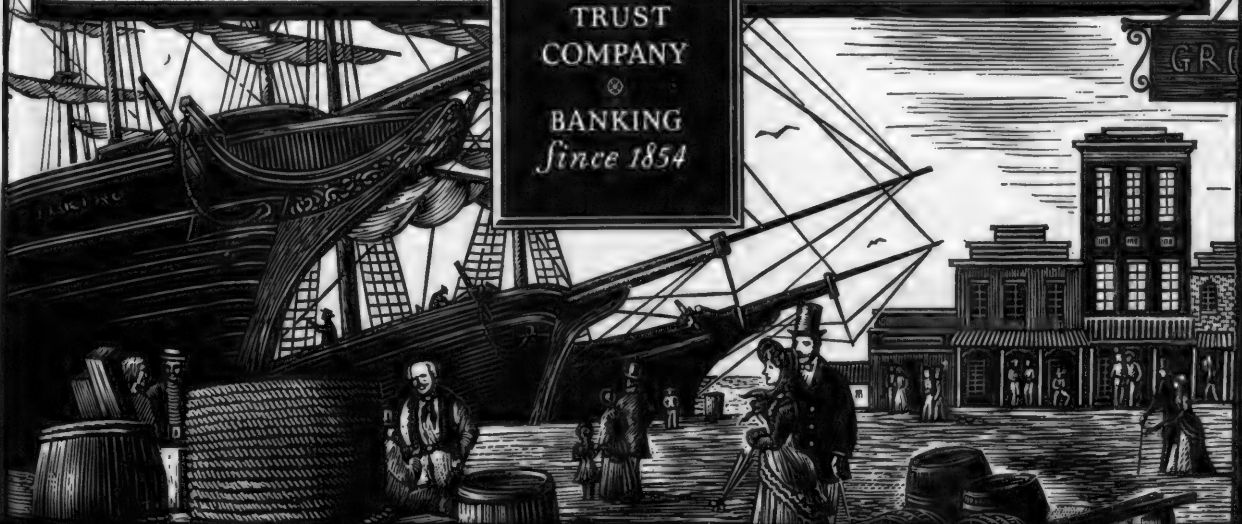
Attorney

100 BANKING OFFICES SERVING NORTHERN CALIFORNIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

MEMBER FEDERAL RESERVE SYSTEM

AMERICAN
TRUST
COMPANY
BANKING
Since 1854





Now National City's night transit system is faster than ever

Our messengers pick up and deliver mail at Cleveland airport post office, around the clock. Downtown stopovers are eliminated. This new service can improve availability by one day. If you're not a National City correspondent, contact us for details.

NATIONAL CITY BANK of Cleveland

623 EUCLID AVENUE, CLEVELAND 1, OHIO
Member Federal Deposit Insurance Corp.

*For your
banking
needs in
Japan*

ESTABLISHED: 1897

THE NIPPON KANGYO BANK LTD.

HEAD OFFICE: HIBIYA TOKYO
120 BRANCHES THROUGHOUT JAPAN
New York Representative Office:
149 Broadway, New York 6

National Credit Conference

(CONTINUED FROM PAGE 102)

of production and consumption, and to avoid uses of credit that might encourage speculation and inflation."

J. Cameron Thompson, board chairman, Northwest Bancorporation, Minneapolis, Minn.:

Major challenges of the 1960s will be: (1) to achieve a national consensus about the size and role of government consistent with a free competitive economy; (2) to devise methods of controlling inflation, as well as to moderate recessions; and (3) to increase our economic growth to a substantially higher rate than 3% per year.

"The major disagreement about the role of government in an expanding economy is not with respect to the everyday services associated with the needs of a growing population — education, transportation facilities, water and sewage, and the like—but rather with a whole host of Federal Government activities—mainly of a subsidy nature—which have been permitted to grow out of all proportion to their benefits to the nation.

"... the most difficult task that lies ahead of us in the coming decade: how to increase our rate of growth. . . (1) We ought to be able to moderate business recessions in order to minimize the loss of production through unemployment: (2) We should improve the mobility of capital and labor; and (3) We should reform the tax system to encourage savings and investment incentives."

Maxwell C. King, president, Pacific Finance Corporation, Los Angeles, Calif.:

"Nearly 75% of all consumer installment credit outstanding at present is held by banks and finance companies; and, beyond your direct holdings in outstandings, banks have upwards of \$3-billion invested in short term loans with finance companies. So, in a very real sense, our businesses are interlocked. Whatever we both can do to strengthen the uses of consumer credit and to stabilize the forms of credit we make available will serve us—serve investors and depositors—and serve the national economy . . .

"We are going to see many more new forms of credit presented for public acceptance—some of them sound, some of them undoubtedly chancy. The sound ones will survive and enhance the service consumer credit performs for our economy. Those which are patently marginal will liquidate themselves. It is the responsibility of institutions experienced in extending and administering credit to aid in the sorting-out process.

Teach the Consumer

"It is inevitable that new forms of credit being offered to newcomers to the credit market will create a great deal of public bewilderment. We know from our own research that even now there is a great deal of confusion concerning the forms of credit available and which type of credit best suits the customers' needs. We cannot take the position of *caveat emptor*. Bringing the consumer along with us as we grow and as credit usage grows, so that he is a seasoned and discriminating customer, is a prime responsibility . . .

"With the growth of credit has come a very substantial increase in competition for the consumer credit customer. We can expect that competition to become more intense—and potentially it can be a hazard . . .

"Significant is the rise of other competitive institutions in the field of installment credit. The rise of the almost taxfree, industry-subsidized credit unions has been particularly noteworthy. In 1950, credit unions held only a little more than 4% of outstanding credit, and now they hold almost 13%.

"We should be alert to some of the problems we could create for ourselves and for each other through excessive or imprudent competitive practices between us . . . It is our responsibility, as institutions with a common interest in each other's well-being, to avoid extremes. We should avoid pushing each other into unprofitable practices, with respect to rates and terms, to the detriment of our economic health. At the other extreme, we should avoid the sort of inflexibility which might drive our potential customers into the hands of institutions whose special privileges create economic inequities for both of us . . ."

(END)



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Senators Sparkman and Case Among Prominent Speakers at A.B.A.'s National School Savings Forum and Annual Savings and Mortgage Conference in New York March 2-4

TWO United States Senators will be among the speakers at the American Bankers Association's Annual Savings and Mortgage Conference and National School Savings Forum in New York, March 2-4. The programs for the two events were announced recently by Louis B. Lundborg, president of the A.B.A. Savings and Mortgage Division, and Jean M. Turano, chairman of the Division's Committee on School Savings Banking.

Senator John Sparkman of Alabama will discuss the role of Government in housing at the Savings and Mortgage Conference, and Senator Clifford P. Case of New Jersey will address the banquet session of the School Savings Forum.

Mr. Lundborg, Division president, is vice-president of the Bank of America N.T. & S.A., San Francisco. Miss Turano is assistant to the president, Trenton (N. J.) Saving Fund Society.

Sessions of the conference and the forum will be at the Hotel Roosevelt in New York. The programs:

Morning Session

Monday, March 2, 1959, 10 A.M.

Presiding, Mr. Lundborg.

"The Public's Attitude Toward Banks" by President Lundborg.

"Investment of Savings" by Roy L. Reierison, chairman, Research Council, A.B.A.; vice-president, Bankers Trust Company, New York.

"Organized Banking" by G. Russell Clark, executive manager,



At left—
Louis B. Lundborg

★



At right—
John Sparkman

of the A.B.A., New York City.

National School Savings Forum

Monday, March 2,
Workshop Sessions: 2 P.M.

For Banks with School Savings Programs

Discussion leader, Robert McCarter, assistant treasurer, Middletown (Conn.) Savings Bank. Consultants, Dorothy T. Condon, assistant secretary, Auburn (N. Y.) Savings Bank, and Ralph Warren, manager of Savings Department, Farmers Bank of the State of Delaware, Dover.

For Banks without School Savings Programs

Discussion leader, Winthrop Newcomb, vice-president and treasurer, Andover (Mass.) Savings Bank. Consultants, Harriet L. Hunsworth, associate director, School and Salary Savings, The Philadelphia Saving Fund Society, and Melville M. Parker, executive vice-president,

First National Bank, Lebanon, Pa.

General Forum Session: 4 P.M.

Presiding, Miss Turano.

Report of the chairman by Miss Turano.

"School Savings—an Investment in People"—panel composed of Dr. David H. C. Read, The Madison Avenue Presbyterian Church, New York; Dr. Bertha Lawrence, professor emeritus, Trenton (N. J.) State Teachers College; John de Laittre, president, The Farmers & Mechanics Savings Bank, Minneapolis.

6 P.M.:

Examination of exhibits of school savings banking systems and promotion.

Banquet

7:15 P.M.:

Presiding, Chairman Turano.

Address by the Honorable Clifford P. Case, United States Senator from New Jersey, Washington, D. C.

(CONTINUED ON PAGE 167)

Jean M. Turano



Roy L. Reierison



Louis S. Finger



Miles L. Colean



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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

STATEMENT OF CONDITION

AT CLOSE OF BUSINESS DECEMBER 31, 1958

RESOURCES

Cash	\$ 98,101,345.41	
U. S. Government Securities	101,978,218.67	\$200,079,564.08
Other Securities	\$ 13,348,532.93	
Federal Reserve Bank Stock	750,000.00	14,098,532.93
Loans and Discounts		182,110,548.41
Banking House		7,894,752.01
Other Real Estate	\$ 1,498,052.21	
Furniture and Fixtures	101,768.59	1,599,820.80
Interest Earned Not Collected	\$ 1,623,233.60	
Other Assets	302,639.69	1,925,873.29
Customers Liability—Letters of Credit and Acceptances		2,312,912.11
Total Resources		\$410,022,003.63

LIABILITIES

Capital	\$ 11,000,000.00	
Surplus	14,000,000.00	
Undivided Profits	3,918,249.88	\$ 28,918,249.88
Reserved for Dividends	\$ 660,000.00	
Reserved for Other Purposes	7,247,773.54	7,907,773.54
Deposits:		
Corporate—Individuals	\$303,201,914.57	
Banks	59,994,405.76	
United States	7,686,747.77	370,883,068.10
Letters of Credit and Acceptances		2,312,912.11
Total Liabilities		\$410,022,003.63
Capital and Surplus		

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CAPACITY

Our concept of capacity takes into consideration balance, flexibility, mobility, and size. We are not satisfied to install facilities that guarantee enlarged output on some one particular operation, such as typesetting, for example, unless we expand the whole production line to maintain balance. We never buy a single large volume unit but prefer a number of small units in order to preserve flexibility. We look upon our nine plants as uniform, streamlined manufacturing units that insure mobility in the event we over-tax the facilities in any one plant. And, as for size itself, we keep as big as we need to be.

With mechanized check handling picking up momentum and with more banks switching to account numbering, involving at times large volume orders for imprinted checks, we think capacity is something which should be continuously reappraised. We do not "view with alarm" the ability of check printers to handle the expanded volume of

check imprinting resulting from wide adoption of mechanization, but nevertheless we are conscious of the need to be prepared for peak loads anywhere. If they occur, we will spread them out thin among our nine plants and in that way meet delivery deadlines without interfering with our day-to-day production.

As a matter of fact, we probably have been getting prepared for this expansion for the past twenty years. Obviously, we didn't know we were preparing for the specific check handling program as we know it today, but we did know that checking accounts were growing four times as fast as population and it wasn't hard to interpret this growth in terms of check handling problems. Our publication advertising in the early forties was much the same as it is today, and our growth in capacity is simply the result of living with progress. So if you have a lot of little imprinted check orders that require fast, accurate processing, we here at DeLuxe are ready to do the job for you.

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CHECK PRINTERS

Manufacturing Plants at:

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KANSAS CITY, ST. PAUL, DALLAS, CHATSWORTH

Manhattan Family Finance Forums

THE New York State Bankers Association launched the second phase of its public information program on January 15 when the first session of a planned series of five weekly family finance forums was conducted in the auditorium of a Manhattan junior high school. The evening sessions from 7 to 9 o'clock are being conducted by the New York City Women's Committee of the association each Thursday from January 15 through February 19. The general public was invited to participate in these free money management lectures. Dorothy Noble Smith, assistant manager, 300 Park Avenue Branch, Chemical Corn Exchange Bank, is chairman of the Women's Committee.

In announcing these forums Albert L. Muench, executive vice-president of the association, said: "Despite the fact that personal income is at an all time high, many of our families are still finding it difficult to make both ends meet. Much of this difficulty stems from a lack of individual know-how in

(CONTINUED ON PAGE 110)



"I'm using a simple budget Mama taught me to use when I was a little girl. I spend every cent I can get my hands on!"



SECURITY FIRST NATIONAL BANK

LOS ANGELES, CALIFORNIA

STATEMENT OF CONDITION

DECEMBER 31, 1958

Resources

Cash and Due from Banks	\$ 579,064,293.50
U.S. Government Securities	\$1,265,009,440.25
State and Municipal Securities	181,992,257.77
Other Bonds and Securities	15,281,931.85
Loans (less reserves)	1,462,283,629.87
Earned Interest Receivable	1,273,254,581.80
Customers' Liability under Acceptances and L/C	12,245,489.05
Bank Premises and Equipment	7,685,056.68
Other Assets	26,313,656.38
Other Assets	1,303,006.58

TOTAL \$3,362,149,713.86

Liabilities

Capital	\$ 73,500,000.00
Surplus	73,500,000.00
Undivided Profits	75,791,578.43
Reserves for Interest, Taxes, etc.	\$ 222,791,578.43
Interest Collected—Unearned	30,582,232.86
Acceptances and Letters of Credit Liability	12,134,955.86
Other Liabilities	7,685,056.68
Deposits—Time	1,625,877.17
—Demand	\$1,207,667,102.25
Other Liabilities	1,879,662,910.61

TOTAL \$3,362,149,713.86

Securities carried at \$415,153,666.35 are pledged to secure trust funds and U. S. Government, State and other Public Moneys, and for other purposes as required or permitted by law.

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(CONTINUED FROM PAGE 108)

handling money to get the maximum benefits from each dollar of income. The course was designed to provide a basic understanding of our economy and how to manage the financial problems that constantly confront every family. A

better understanding of banking, money management, and the proper use of credit is absolutely essential if the modern family is to use its income to fullest advantage and do its part to maintain current levels of prosperity without ruinous inflation."

The forum sessions cover spend-

ing and savings patterns, budgeting, insurance and social security, home ownership, personal loans, small estate planning, how and when to borrow, how to establish credit, veterans' mortgages and small business loans, investments, wills and trust services, and other related money topics.

Forum Instructors

Instructors for the five sessions are:

First session: Grace M. Kurth, Manufacturers Trust Company; Ruth Eversman, New York Trust Company; Edna M. Fleming, First National City Bank of New York.

Second session: Madeline R. Burgess, Chase Manhattan Bank; Mary T. Lynch, The County Trust Company, White Plains; Margaret T. McGrath, Chemical Corn Exchange Bank.

Third session: Dorothy R. Funck, Irving Trust Company, and Elsie Schuyler, Chemical Corn Exchange Bank.

Fourth session: May F. McCusker, Irving Trust Company, and Ruth E. Leiman, The Hanover Bank.

Fifth session: Ann Houston Sadler and Eleanor A. Kropf, Chase Manhattan Bank.

Stamp of Approval by Board of Education

Dr. Jacob Greenberg, New York's Deputy Superintendent of Schools, made this statement: "The Board of Education is pleased to work with the New York State Bankers Association in this important community educational program. Money and banking are indispensable in our economic as well as social life and it is most encouraging to have such an important industry take this educational initiative. It is particularly necessary now when inflation and deflation are constantly recurring themes and the problems of budget balancing are so important to all of us.

"We certainly wish that a program such as this could be made available to the teachers of the city and that in-service credit could be awarded for attendance. I hope this program will not be limited to one school but that it can be expanded to other parts of the city."

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Statement of Condition

December 31, 1958

Resources

Cash and Due From Banks	\$ 274,368,288.19
U. S. Government Securities	158,358,811.69
State, Municipal and Other Securities	19,665,602.81
Stock in Federal Reserve Bank	3,000,000.00
Loans and Discounts	528,423,370.76
Bank Building and Equipment	24,343,367.98
Customers' Liability on Acceptances	28,828,030.44
Other Assets	1,317,687.71
TOTAL	<u>\$1,038,305,159.58</u>

Liabilities

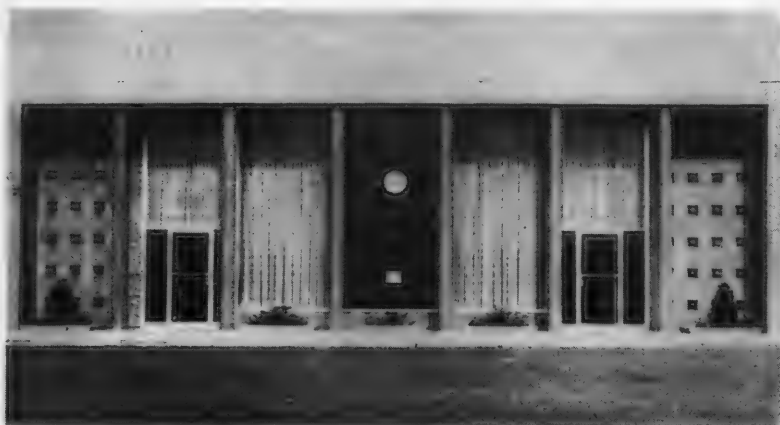
Capital	\$ 37,866,576.00	
Surplus	62,133,424.00	
Undivided Profits	<u>1,105,560.60</u>	\$ 101,105,560.60
Reserve for Contingencies		12,834,697.00
Reserve for Taxes, et cetera		7,204,217.11
Acceptances Outstanding		31,020,030.44

Deposits:

Individual	\$639,894,021.50	
Banks	227,627,415.40	
U. S. Government	<u>18,619,217.53</u>	886,140,654.43
TOTAL		<u>\$1,038,305,159.58</u>



REPUBLIC NATIONAL BANK
OF DALLAS



For the Building Scrapbook



TOP, LEFT—The Borden Ave. Branch, First National Bank of Sayreville, N. J. LEFT—Tennessee St. Office, Crocker-Anglo National Bank, Vallejo, Calif. Note planted plaza area and openings in overhead canopy. BELOW—New Lufkin (Tex.) National Bank blends marble and natural stone with brass highlights and planters. Wilbur Kent, architect





TOP—Lobby of new Fidelity National Bank, Baton Rouge, La. Dotting the rear wall are giant bas-relief replicas of nickels and ten-dollar gold pieces. **BOTTOM**—Interior of new aluminum dome building of the Citizens State Bank of Oklahoma City. The outside of the dome is gold-anodized with black struts. Dome was designed and developed by Kaiser Aluminum & Chemical Corporation



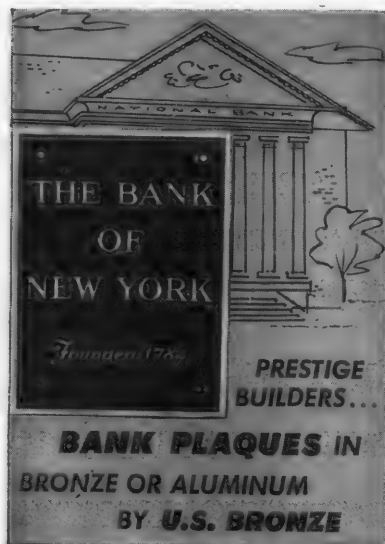


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Marketing Concept

(CONTINUED FROM PAGE 43)

equivalent. We believe most banks, certainly the large ones, are adequately equipped with technically trained specialists able to help customers and prospective customers better utilize the bank's services.

It is doubtful, however, whether many banks are presently making sufficient use of such specialists. Their services would be much more effective if they participated in product (service) planning, and if they themselves took an active part in the field sales effort.

Sales Training

It would be a pleasure to be able to say merely that banks could profit by emulating industry's use of sales training. Candor compels us to go further, for industry itself does not use sales training nearly enough.

Sales training is an organized activity, utilizing research, instruction, coaching, incentives, praise and criticism in a sustained, constructive, and programed manner to achieve more effective utilization of sales time and effort. Too often, even in industry, sales training is a "once-over-lightly" affair. Actually, it should go much further. In nearly every case ever documented, a good continuing sales training program has measurably improved salesmen's efficiency, yielding a return far beyond its cost.

Training is an expense which cannot be dodged; either it is spent for a sound productive program or it is paid out in dribblets through lost business, dissatisfied customers, or lost opportunities.

If industry uses sales training too little, banking errs even more by using it scarcely at all. In industry, salesmen are usually hired with the understanding that they are destined to sell, whereas in banking those upon whom the selling burden falls were, in most cases, hired and trained for something entirely different.

Given the fact that it is so easy to find pretexts not to make calls, that it is so difficult to find time for sales planning, and the fact that most bankers never had any training in selling bank services, it is truly a wonder that many bank new business development programs ever

manage to get off the ground at all.

In our opinion, probably the greatest single need in the whole area of bank new business building is for specialized training in how to sell bank services. This training should draw upon sources within the bank itself, and upon those sources of training ideas and practices which industry has found successful. Particularly needed is practical continuing help on such matters as:

(1) how to preplan a sales call on a bank prospect for a given service;

(2) making an effective interesting presentation (without using a "canned" talk);

(3) designing and using "props," bank literature and brochures on services in the presentation;

(4) answering complaints or objections, and converting them to sales arguments;

(5) when and how to ask for the prospect's business and when not to ask for it;

(6) the key role of the present customer in building new banking business.

How Marketing Concept Thinking Fits Banks

Banks, regardless of their size, can profitably employ considerable marketing concept thinking, particularly in the following respects:

(1) Recognize, in even greater degree, that the bank exists by selling its services, and that, in the future, this selling task will become even more competitive and important.

(2) Recognize that building the bank's business is a *marketing* job and that there are many tools available to help the banker achieve his objectives. A specialized course in marketing should be considered part of the training to familiarize bankers with all these tools, and how each can be used.

(3) Recognize, too, that selling bank services is a top management responsibility. Show this recognition by:

(a) up-grading the new business development function with the bank;

(b) centralizing responsibility for business development policies and practices;

(c) planning your bank business development objectives, then taking steps to see that these plans are carried out;

(d) using *all* the marketing tools which will contribute toward healthful, profitable growth, and using them in a coordinated manner.

(4) Do a more thorough and much more imaginative job of planning and pricing bank services. Draw your bank's technically minded specialists into the act; "dress up" your services so they will have sales appeal. Use your market research tool; it can be one of your most valuable adjuncts.

(5) Take steps to assure that the bank will at all times have a programed, continuing field sales effort. Every bank officer (and many men below officer rank) should be persuaded, cajoled, motivated, or, if necessary, compelled to organize his work so he can devote some time to sales calls. These should be organized with systematic accountability for all sales activities and their results.

(6) Last, but far from least, train your sales force. The banker who goes out to sell without training in how to do it will not only do it reluctantly, but he cannot be expected to do it in a manner reflecting credit either upon himself, upon the bank, or even upon banking as an institution.

Give him adequate training, and he will not only do it more willingly—he will actually enjoy and be productive at it.



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News for Country Bankers

(CONTINUED FROM PAGE 75)

its from their operations through better land use, proper rotations, more effective use of fertilizer and good all-around farm management. "Our Farm Service Department," said Mr. Hardimon, "was set up to provide practical, technical advice to help our farmers do a better job of managing and producing on their farms."

He states that the bank's Farm Service Department is designed for customers and noncustomers alike. To give it a medium for discussing community activities and developments with the public, The Bement Bank *Bulletin* was started in 1953. Prepared within the bank, the *Bulletin* discusses everything of general interest going on within the community; gives the bank an occasional plug; and devotes about half of its space to agricultural subjects. Mr. Hardimon states that the bank believes it is the most effective form of advertising it has ever done.

Improvement Loan Rate Hike

THE U. S. Department of Agriculture has increased the rate of interest on insured farm improvement, enlargement, and purchase loans made by the USDA's Farmers Home Administration from 3½% to 4% to the lender. The additional 1% charge for insurance and administrative costs remain the same.

The increase in the interest rate will help activate legislation authorizing the Farmers Home Administration to make loans totaling up to \$5,000,000 from an insured loan fund.

The change to 4% will increase the participation of all lenders, including country banks.

The interest rate on direct farm real estate loans made by the agency will remain at 4½%.

Better Management Needed

EVERYTHING points to the necessity for better and better management on the farms of the future," said Dr. Oliver S. Willham, president, Oklahoma State University, Stillwater, in an address before the Conference of Correspondent

Banks at the First National Bank in St. Louis.

"The farmer no longer raises wheat on his farm; he raises a certain *quality* or *kind* of wheat," said Dr. Willham. "The farmer no longer just produces hogs on the farm, he produces a particular *kind* of hog that is economical in his gains and produces a maximum of lean meat. The farmer is having to produce for a quality market. This emphasis on quality will continue to grow stronger. If the farmer does not produce the quality that the consumer demands, the processor or retailer may be encouraged to go into the production field. This is called integration and is being discussed more and more among agricultural groups. Some agriculture cooperatives are now engaged in some integration in agriculture, that is, taking their product through all stages of processing and delivering it to the consumer."

105 Farmers at PR Meeting

A MEETING sponsored by the Agricultural Department of the First National Bank of Southern Maryland, Upper Marlboro, gave evidence that farmers are looking for leadership from their bankers. One hundred and five farmers and farm leaders attended the farmer-customer relations meeting to hear a panel discuss "Livestock in Your Program as a Means of Increasing Farm Income."

Secretary Benson Presents Some Farm Facts

SECRETARY of Agriculture Ezra Taft Benson presented these facts to a group of Middle Western bankers attending a correspondents' meeting at The First National Bank of Chicago:

"Realized net income of U. S. farm and ranch operators this year (1958), it is now estimated, will be 20% higher than in 1957.

"Per capita and gross farm income are currently running at the highest level on record.

"Farm assets are at an all-time high—\$188-billion as of January 1, 1958—3½ times as high as in 1940. It is now estimated that this will rise to \$200-billion as of next January 1.

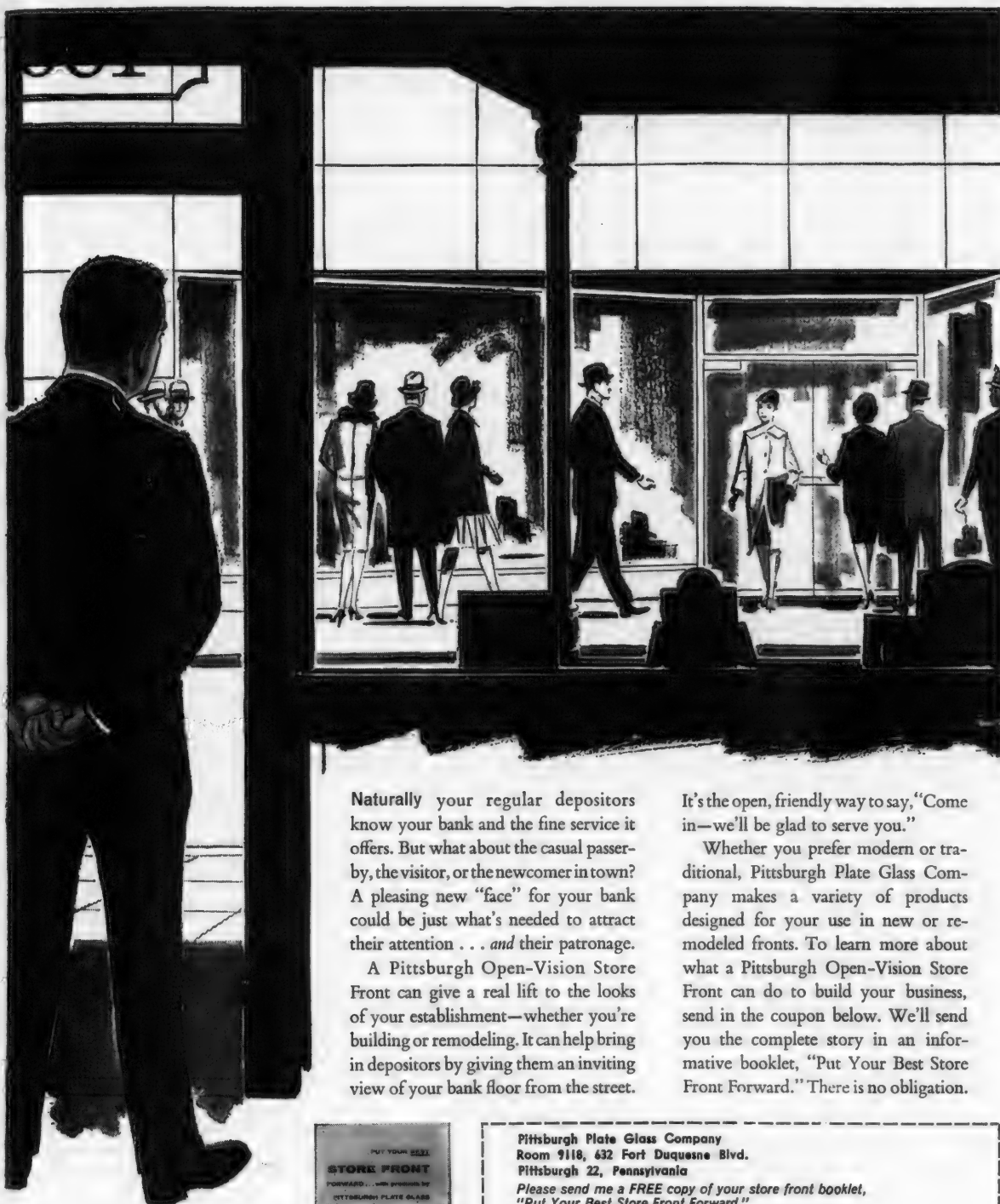
"Farm ownership is at a record high.

"Two out of three farms are completely free of mortgage debt.

"Farmers have only \$11 in debts for

(CONTINUED ON PAGE 118)

Does your bank need a "face-lifting"?



Naturally your regular depositors know your bank and the fine service it offers. But what about the casual passer-by, the visitor, or the newcomer in town? A pleasing new "face" for your bank could be just what's needed to attract their attention . . . and their patronage.

A Pittsburgh Open-Vision Store Front can give a real lift to the looks of your establishment—whether you're building or remodeling. It can help bring in depositors by giving them an inviting view of your bank floor from the street.

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(CONTINUED FROM PAGE 116)

every \$100 of assets—compared with \$19 of debts in 1940.

"Farm exports totaled \$8.7-billion in the two years ending June 30—the highest ever for any 2-year period.

"The standard of living on our farms and ranches is the highest in history."

Farm Income Will Be Lower in 1959—Baughman

FOLLOWING a sharp rise in 1958, to the highest level in five years, farm income in 1959 is ex-

pected to decline," said Ernest T. Baughman, assistant vice-president, Federal Reserve Bank of Chicago, at a Conference of Bank Correspondents at The First National Bank of Chicago. "Although domestic demand probably will be stronger," he said, "a larger volume of marketings, lower average prices, and discontinuance of acreage reserve payments will likely cause realized net farm income to drop 5 to 10% below the 1958 level."

Continuing, Mr. Baughman said, in part:



Mr. Job (left) discusses Community National's agricultural relations program with Walter Brown, the Bank's Farm Service Manager.

"Doane 'Farming for Profit' is important in our Bank's promotion"

—says E. L. Job, President,
Community National Bank & Trust Co., Knoxville, Ia.

"We like Doane 'Farming for Profit'," says Mr. Job. "It is an important part of our business promotion program. We get a lot of comment from it and we've had people stop us on the street and ask to be put on the mailing list. In recent years, our Bank has grown to be the largest in Marion County and 'Farming for Profit' was a help."

* * * * *

Doane "Farming for Profit" is an authoritative bulletin that summa-

rizes the thinking of some of America's best agricultural brains. It is an easy-to-read collection of facts that farm folks can use to make money and save money.

There is a growing list of bankers who use Doane "Farming for Profit" as the cornerstone of service-type public relations programs. They use it to build bank business through the promotion of productive, profitable agriculture in their areas.

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The unusual combination of factors which generated the sharp gain in income in the current year is not likely to be repeated in 1959, although it must be admitted that changes in crop production, affected greatly by weather, have a more direct effect on income now that prices of many crops rest heavily upon Government supports.

At the outset farm income in 1958 was boosted by the delayed harvests and marketing of the 1957 corn and soybean crops. The effect was to reduce 1957 income and add to 1958 income.

In a look beyond 1959, Mr. Baughman had this to say:

Excess capacity and the large surpluses of a number of farm commodities will continue to dominate the agricultural situation for a number of years. While adjustments are being made fairly rapidly, the pace is not fast enough to make a substantial inroad on the problem. Some of the basic trends are indicated by changes in past years. . . . The eventual solution to the basic maladjustments is between agriculture and other sectors of the economy would appear to lie in an acceleration of these trends. Until a better balance is achieved, large segments of the farm population will not participate fully in the rising real incomes provided by a growing economy.

Kentucky Backs Conservation

THE Agricultural Committee of the Kentucky Bankers Association recently adopted the phrase "Conservation is Everybody's Business" as its theme for 1959 and voted to make "Conservation" its major agricultural activity for the year. The bankers expect to cooperate with other conservation-minded groups in making everybody conscious of their stake in conserving our soil, water and forest resources.

Idleness moves so slowly that poverty usually catches up with it.

Some day we hope to meet a friendly, courteous, smiling person with good looking teeth who isn't trying to sell us something.

Sometimes a marriage is unhappy because neither one can fool the other the way they did their parents.

The fatter you get, the farther you have to sit from the table—which is nature's way of helping you.

Mechanized Checks

(CONTINUED FROM PAGE 47)

must still appear in the customary form in the upper right-hand corner.

When can we start coding our checks? As soon as you have the final report of the Technical Committee and are set up to follow the coding system according to the requirements. But don't count on converting overnight.

Banks are urged to move slowly to be sure they're following the procedures exactly. In most cases they'll have to move slowly. Changing the size or design of checks to meet the specifications will throw a heavy burden on the printing industry. Suppliers will not only be faced with revised forms and different sizes, but will also have to meet more rigid standards in printing.

One estimate is that it will take the printing concerns at least a year to swing in line with the anticipated demand. The bright side of this picture is that it will give banks time to work off current supplies and avoid losses from what has been termed "self-induced obsolescence."

Another point the equipment makers emphasize is that full benefits can't be realized until the "pipelines are full." Being first in the field may attract attention but it won't guarantee greater efficiency. That can only come when there are enough coded checks being handled to make mechanization really feasible. The earliest target dates for this are not expected before 1960.

What kind of equipment will we need? That depends on how far you want to go with mechanization. As far as check coding alone is concerned, all that's needed is an imprinter. If you want to go beyond that, the best advice is to check your particular requirements.

Some of the information in the code can be preprinted—the transit-routing data and account number, for example. But some of the information must be postprinted—the amount of the check is the most obvious example. Therefore, a bank will need some kind of imprinter to complete the code on checks.

It could be a relatively simple and inexpensive device solely for imprinting coded information. Or it could range up to complicated electronic processing equipment that

efficiency goes **up**—costs go **down**

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Accomplishing Merger Objectives



In the rush for expansion in recent years, companies frequently acquired headaches and problems without the benefits expected. Realized profits were often meager or nonexistent. As a result, more careful selection, planning and analysis in merger decisions is evident today.

In accomplishing merger objectives, Standard Research Consultants offers experienced assistance in these ways:

- Locating favorable merger opportunities
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- Analyses of business and profit potentials
- Determination of equitable exchange ratios
- Studies of integration, organization and control problems
- Testimony based on analyses made

Brought to bear in the merger and consolidation studies which we make is a wide knowledge and experience in the analyzing of business problems of many types.

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prints the code as a byproduct of a series of other operations.

Is the necessary equipment available? Manufacturers are in general agreement that they'll be able to supply the equipment whenever the banks are ready for it. But, they point out, banks won't be ready for it until they've redesigned their checks to conform with the forthcoming specifications and established a satisfactory account numbering system.

Again, the makers stress the fact that banks should "investigate before investing." Very careful thought and planning should precede any step in the direction of automation. For many banks the encoding of information on checks may be that first step.

How much will it cost? It's too early to give meaningful figures, and it will depend on how much mechanization you want. The checks themselves will be more expensive because of redesign and the closer tolerances to which they must be printed.

The best advice is to wait and see. In the meantime, it would be good to study your own operations, to know what your present check costs are and the volume being handled. Then, as information becomes available, sensible comparisons can be made. Cost figures alone won't mean much unless there is some idea of the benefits and savings they can produce.

This doesn't begin to answer all the questions that will arise. Many of them will be about specific problems requiring individual answers. Some of them will be able to be answered only through experience, which may take years to gain. Still others will be answered with the publication of the Technical Committee's final report next month.

For many banks this report will blueprint their first step toward mechanization. It will not limit the extent or predetermine the direction in which they may go. But it will spell out the initial step no matter how much, or how little, they plan to mechanize. It's a step that should be made only in the light of full knowledge and complete planning.

There are two kinds of conceited people: those who admit they are and those who don't.

Bank Foundation Grants \$150,000 to 66 Schools

THE Chase Manhattan Bank Foundation, New York, announces a 3-part aid to education program which last year made grants totaling \$150,000 to 66 colleges and universities. The Foundation, a nonprofit, charitable trust, was established recently by The Chase Manhattan Bank for making philanthropic contributions.

Details of the new program include: unrestricted donations of \$10,000 in 1958 to each of 10 institutions; a total of \$50,000 to three fund-raising associations representing liberal arts colleges in the Northeast; and a matching of contributions made by the bank's employees to qualified educational institutions.

Those receiving \$10,000 are: University of Chicago, Columbia, Dartmouth, Duke, Harvard, New York University, Princeton, University of Pennsylvania, Stanford, and Yale. The Foundation said that among the criteria applied in selecting the recipients was that a substantial proportion of the bank's present and potential management personnel had attended them.

The Foundation intends to continue annual grants to these 10 universities for at least three years, the announcement stated. The program will be reviewed periodically.



"Don't worry about your job, Bill.
We've found out it's unnecessary."

February 1959



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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION AND FEDERAL RESERVE SYSTEM

Right Way, Wrong Way

Customer Relations

A "RIGHT way, wrong way" training movie, supplemented by officer-conducted monthly meetings for the public contact staff, is the chief tool in a new employee-customer relations program at Manufacturers Trust Company of New York.

Dominant is the familiar theme "You are the bank." It's an old line, admittedly, but Manufacturers' own market research confirmed that it still applied, and employees at the 113 branches are being reminded over and over again that their conduct creates the bank's image.

In setting up a procedure for improving relations between personnel and customers, Manufacturers drew upon the experience of other service businesses and the results of public opinion surveys made by banking associations, as well as on its own research.

"The conclusion was," reports the bank, "that while our service to customers was not actually poor, it could nevertheless be improved. Specifically, a survey conducted for our bank in 1955 showed, among many other things, that courtesy and friendliness on the part of contact

employees was the second most important reason why people chose one bank over another (convenience of location ranking first), and that about one-fifth of the people who changed banks did so because of real or fancied discourtesy or ill-treatment by bank personnel. Further, the survey showed that banks as a class ranked below certain other service businesses in employee courtesy."

It appeared that the problem of good customer relations was largely one of communicating with and educating the employees who are "the bank" to the public—the teller and the guard or receptionist. In a large bank, of course, only a small percentage of the customers know the officers.

"The Inside Story"

Manufacturers' studies indicated that the sound film was "by far the strongest medium of communication" with the employees. However, a strong follow-up was deemed essential, and a series of monthly discussions for public contact employees at each branch, under leadership of the officer in charge, was decided on.

The dramatic, factual film, titled "The Inside Story," was produced commercially under supervision of an officer committee. The script reflects incidents that actually occurred in branches, although the treatment is based upon the venerable idea that it's hard to see ourselves as others see us. Tellers, guards, officers, and other personnel are shown going through their day's work as it seems to them; then, in a flashback, the picture records how each incident looks to the customer, and his reaction to careless, indifferent treatment. Then comes a sequence demonstrating the right way, together with another flashback emphasizing how the correction in the employees' conduct creates goodwill and helps build business.

Before the film was ready, the

bank hired a national organization to train the branch officers in discussion leadership. It was felt that the employees would have more confidence in the boss than in an outsider less familiar with their problems; also, that the officers might need some coaching as teachers. Each manager attended four meetings at which the fundamentals of "moderating" were taught.

Monthly Staff Meetings

Ten monthly sessions were arranged for contact staffers at each branch. Manuals guided the discussion and stimulated creative thinking on topics taken from episodes in the film or similar incidents.

Manufacturers assumes, of course, that "no person really intends to be unfriendly, discourteous, or indifferent; that such attitudes are almost always the result of misunderstanding or lack of information; and that adequate training and communication can, to a large degree, correct errors of conduct which could seriously impair the goodwill and growth of the bank."

Many of Manufacturers' correspondents are using the film.

"The Inside Story" points out that this is the wrong way to greet depositors



This is how a careless, indifferent teller looks to the depositor





have you?

Have you checked the income reports on charge account banking lately? Charge account banking is receiving more and more attention from more and more bankers . . . and for good reason!

Experiences of many banks with Charge Account Banking plans show that this operation offers a steady source of both extra income and new business for banks. Moreover, it's an entirely **logical** operation for a bank and one that offers important convenience both to retailers and their customers.

If you've not recently investigated the opportunities Charge Account Banking offers you, you'll be interested in knowing that one bank using the Diebold Charge Account Banking System has seen the operation steadily produce more than 6% net yield!

Details on this and other successful Charge Account Banking programs are yours without obligation from Diebold. Just attach the coupon to your letterhead, and we'll send complete information by return mail.

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TOTAL ASSETS:

More than \$ 870 Million Pesos
(Approximately US \$ 160,000,000)

TOTAL COLOMBIAN FOREIGN BUSINESS:

	Imports	Exports
1956:	US. \$ 655,000,000	US. \$ 607,500,000
1957:	US. \$ 403,080,000	US. \$ 449,628,000

(excepting gold exports)

BANCO DE BOGOTA

ESTABLISHED 1870 • BOGOTA, COLOMBIA S. A.

Modern Credit for Modern Agriculture

(CONTINUED FROM PAGE 84)

which I think we should consider; it relates to the new opportunities which the banking profession have to exert a positive influence on American agriculture. Opportunities, here, would be defined in terms of service to agriculture which would guide it toward a higher and more stable production of the right goods, toward more efficient use of agricultural resources, and toward the establishment and maintenance of better markets.

Guide Farmer in Management Decisions

Management decisions are becoming more acute and their potential results more far-reaching. The question posed most frequently by our agricultural customers today is "where can profits be increased?" Does the solution lie in a further investment in production, or does the vertical integration route of investment in processing and marketing offer more promise? The proper answer can be made only on an individual case basis; but whatever it is, more capital will be required to see it through. As bankers we cannot help being concerned.

Use of Positive Influence

A positive influence does not imply that loan portfolios should be thrown out of balance by injudicious extension of credit merely because an agriculturalist has decided he needs more capital. A banker's positive influence often starts long before a credit application is presented.

Lending officers and field men can continue to intensify their efforts to alert farmers to dangers from diseases, pests, or practices that might prove hazardous. They can direct farmers to the sources of current detailed information and services with which to cope with these problems. There are still a large number of farmers, for instance, who are not aware of the services of their county agents and agricultural extension specialists.

Value of Budget Analysis

Who is in a better position than the country banker to encourage farmers to use farm budgets and financial projections designed to test



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Washington	40 Highway	Admiral	Broadway	Celfax	Van Buren	79th St.	(Southgate)
CH 1-3328	WA 3-1663	TE 5-0283	LY 1-2061	AL 5-8257	BR 5-8113	PL 7-2012	LO 7-2724

out the soundness of proposed capital expenditures? When the proposed expenditure involves borrowed capital (and this is the usual case), we do the farmer a disservice by not insisting on a thorough budget analysis of the problem. By proper budgeting we contribute to achieving higher levels of farm management.

Be Informed on Production Shifts

Agriculture is an industry which is subject to very significant long-term shifts in the demands for its products. Illustrations of this are found in the increased per capita consumption of beef, poultry products, fruits, and green vegetables as contrasted with the decline in per capita consumption of potatoes, wheat, butter, and other animal fat.

Do not bankers have a responsibility to become aware of the direction of these shifts and to encourage a corresponding shift in the allocation of farm resources?

Advise Farmers on Value of Credit

Farmers must be taught that their credit, which is an exchange for capital, is one of their greatest resources. When a farmer builds his credit rating, and thereby increases his credit asset, in a very tangible way he adds to his management potential. Bankers are uniquely equipped to offer complete services and facilities necessary for the full development and use of the farmer's credit asset. When the total financial business of the farmer—including commercial and savings accounts; long-, intermediate-, and short-term credit; trust and other services—are handled by the bank, the banker is in a position to know, advise, and provide counseling that will aid the farmer in using his management potential to the maximum.

The present-day agricultural scene points up the need for more flexible credit tomorrow and for many more tomorrows. Many of our competitors already have started to move in this direction—aggressively seeking new business, from your bank and mine. They are merchandisers—I believe we should also merchandise.

Some people don't have more than the rest of us, but they make more of what they have.

Guaranty Trust Company of New York

140 BROADWAY
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40 ROCKEFELLER PLAZA BRUSSELS

Condensed Statement of Condition, December 31, 1958

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 701,681,840.20
U. S. Government Obligations	568,778,717.90
Loans and Bills Purchased	1,664,878,218.00
Public Securities	\$ 98,897,690.35
Stock of Federal Reserve Bank	9,600,000.00
Other Securities	27,587,408.47
Credits Granted on Acceptances	36,324,275.92
Accrued Interest, Accounts Receivable, etc.	38,387,462.96
Real Estate Bonds and Mortgages	11,471,172.06
Bank Premises	16,974,949.56
Total Resources	\$3,174,581,735.42

LIABILITIES

Capital (6 000 000 shares - \$20 par)	\$120,000,000.00
Surplus Fund	200,000,000.00
Undivided Profits	98,876,622.87
Total Capital Funds	\$ 418,876,622.87
Deposits	2,638,018,353.42
Foreign Funds Borrowed	247,800.00
Acceptances	\$ 67,232,362.52
Less: Own Acceptances Held for Investment	25,940,553.03
	\$ 41,291,809.49
Dividend Payable January 15, 1959:	
Regular	4,800,000.00
Extra	4,800,000.00
Items in Transit with Foreign Branches	85,621.05
Reserve for Expenses and Taxes	33,092,385.75
Other Liabilities	33,369,142.84
Total Liabilities	\$3,174,581,735.42

Assets carried at \$226,287,586.78 in the above statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

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HARRIS *Trust and Savings* BANK

Organized as N. W. Harris & Co. 1882—Incorporated 1907
115 WEST MONROE STREET—CHICAGO 90



STATEMENT OF CONDITION

December 31, 1958

RESOURCES

Cash on Hand and Due from Banks...	\$215,269,165.94
U. S. Government Securities.....	210,454,382.09
State and Municipal Securities.....	61,062,828.33
Other Bonds and Securities.....	4,777,133.49
Loans and Discounts.....	307,155,204.38
Federal Reserve Bank Stock.....	1,050,000.00
Customers' Liability on Acceptances...	144,973.30
Accrued Interest and Other Resources...	4,939,485.65
Bank Premises.....	10,000,000.00
Total.....	\$814,853,173.18

LIABILITIES

Demand Deposits...	\$644,992,483.46
Time Deposits.....	104,853,716.97
Total Deposits.....	\$749,846,200.43
Dividend Payable January 2, 1959....	487,500.00
Acceptances.....	144,973.30
Reserves for Taxes, Interest, etc.....	7,423,852.72
General Contingency Reserve.....	7,500,000.00
Capital.....	\$ 15,000,000.00
Surplus.....	20,000,000.00
Undivided Profits....	14,450,646.73
Total Capital Funds.....	49,450,646.73
Total.....	\$814,853,173.18

United States Government Obligations and Other Securities carried at \$87,670,861 are pledged to secure Public and Trust Deposits and for other purposes as required or permitted by law.

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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NORMAN W. HARRIS
Room 2002, Harris Trust Bldg.
STANLEY G. HARRIS
Chairman, Executive Committee
CHARLES C. JARCHOW
President, American Steel Foundries
WAYNE A. JOHNSTON
President, Illinois Central Railroad
WILLIAM V. KAHLER
President Illinois Bell Telephone Company
EDWIN A. LOCKE, JR.
President, Union Tank Car Company
ERNEST S. MARSH
President, The Atchison, Topeka and Santa Fe Railway Company
JOHN L. McCAFFREY
Director International Harvester Company
F. B. McCONNELL
Chairman of Board Sears, Roebuck and Co.
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CHARLES H. PERCY
President, Bell & Howell Company
JOHN G. SEARLE
President, G. D. Searle & Co.
DONALD P. WELLES
Senior Vice President
KENNETH V. ZWIENER
President

"And that,
ladies and
gentlemen,
is how we
stand"



Washington

(CONTINUED FROM PAGE 37)

during the period (the past three years) were free of many of the errors charged to them."

Whether or not the effect of the Ford report can be neutralized, it is nonetheless there on the record. It is always disquieting on Capitol Hill to have nonpolitical professors testing economic proposals for truth when, as every experienced politician knows, their real test is their political appeal and feasibility. And so the record that Dr. Ford developed will nettle some.

It may very well be that the upshot of the incident will be that the liberal Democrats on the Senate Finance Committee, frustrated by conservative Senator Byrd, may move to drop the investigation and let the Ford report die aborning. The Joint Economic Committee is seen to offer better opportunities for political capital. Some of the comments that Senator Johnson made about inflation recalled some of the points that the liberal Senators brought out at hearings last year.

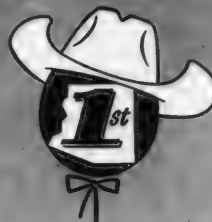
Housing

During the adjournment of Congress the Senate Housing Subcommittee had as its work-project a study to answer the question, "Does the decade 1961-70 pose problems in private housing and mortgage markets which require Federal legislation in 1960?"

To answer this question, Chairman Sparkman selected and invited 37 authors qualified by experience and academic training to prepare papers. These have been published as a study of mortgage credit. Looking at the problem himself, Senator Sparkman said:

"It is generally agreed that during the next 10 years our economy will expand far beyond today's level. The rate of home construction, which has been at a constant level for the past several years, must increase to meet the needs of a growing population with a rising standard of living.

"Net new family formation resulting from the births of the 40s, the replacement of units to be demolished in order to carry out the national housing policy of a decent home for every American family, the increased mobility of American families, and the higher standard of liv-



Arizona's Partner In Progress Since 1877

STATEMENT OF CONDITION

DECEMBER 31, 1958

RESOURCES	1958	1957
Cash and Due from Banks	\$ 69,358,297.88	\$ 50,592,999.34
U. S. Government Securities	67,194,387.00	54,839,514.65
State, County, and Municipal Securities	18,382,067.78	14,661,430.48
Other Securities	4,081,120.14	1,774,177.52
Federal Reserve Bank Stock	552,000.00	525,000.00
Loans Guaranteed or Insured by the U. S. Government or its Agencies	46,004,662.92	37,208,186.30
Other Loans and Discounts	101,862,546.38	110,482,262.37
Interest Accrued Receivable	1,328,838.15	1,178,267.25
Bank Premises and Equipment	5,100,883.23	4,588,354.54
Investments Indirectly Representing Bank Premises	5,160,125.00	5,160,500.00
Other Real Estate	12,000.00	12,000.00
Other Resources	790,392.19	537,645.35
TOTAL RESOURCES	\$319,827,320.67	\$281,560,337.80

LIABILITIES	1958	1957
Deposits:		
Demand	\$204,867,488.56	\$184,483,283.24
Time	89,022,105.41	72,593,033.88
Total Deposits	\$293,889,593.97	\$257,076,317.12
Reserves — Taxes and Interest	1,439,315.84	1,336,090.84
Reserve for Possible Loan Losses	696,049.48	534,083.20
Unearned Discount	1,874,644.77	1,957,532.92
Other Liabilities	897,176.82	321,798.30
Total	\$298,796,780.88	\$261,225,822.38
Capital Stock	\$ 9,200,000.00	\$ 9,200,000.00
Surplus	9,200,000.00	8,300,000.00
Undivided Profits	2,630,539.79	2,834,515.42
Total Capital Funds	\$ 21,030,539.79	\$ 20,334,515.42
TOTAL LIABILITIES	\$319,827,320.67	\$281,560,337.80



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ing toward which we strive will require more and better housing facilities in the future.

"The question of whether there will be adequate resources to take care of those needs should be answered. Mortgage credit is the principal resource problem."

The next step will be to invite these men in at public hearings for further examination. When these hearings are held will depend on when the committee can finish the omnibus housing bill. The plan is to use these hearings to attack the over-all problem of housing and home finance comprehensively. There is feeling in the Congress that the field is a hodge-podge which has developed without design from one emergency to the next.

In the mortgage credit study is a paper by Kurt F. Flexner, associate professor of finance, New York University, who was recently appointed to the Savings and Mortgage Division of the American Bankers Association. Dr. Flexner called for more efficient organization of mortgage credit, which is local in character and lacks uniformity. He noted the absence of a properly de-

Back at It Again

veloped secondary market in mortgage credit.

By the time this is published Senator Sparkman will have submitted his omnibus housing bill, which will be similar to the measure which passed the Senate last year but died

in the House. The much more modest bill of the Administration may be sidetracked to allow adequate pressures to mount by way of forcing the Administration to sign the omnibus bill. Otherwise a complete
(CONTINUED ON PAGE 130)



ROBINSON IN THE INDIANAPOLIS NEWS

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Planners for Banking, Business and Industry announce
the establishment of a specialized

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The services offered banks and financial institutions by our Banking and Finance Division include consultation, analysis, planning and supervision of data processing systems for commercial bookkeeping, savings, trust accounting, consumer credit, mortgage loan accounting and other operational phases of banking.

Lawrence B. Taylor, Inc.

Lawrence B. Taylor, President

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The First National Bank of Chicago

Statement of Condition December 31, 1958

ASSETS	
Cash and Due from Banks	\$ 568,319,835.14
United States Government Obligations	768,841,725.90
Other Bonds and Securities	170,828,949.09
Loans and Discounts	1,487,997,197.86
Real Estate (Bank Buildings and Adjacent Property)	1,214,870.15
Federal Reserve Bank Stock	7,500,000.00
Customers' Liability Account of Acceptances	3,606,372.35
Interest Earned, not Collected	8,993,102.32
Other Assets	8,290,319.90
	<u>\$3,025,592,372.71</u>
LIABILITIES	
Capital Stock	\$ 125,000,000.00
Surplus	125,000,000.00
Undivided Profits	11,958,478.30
Discount Collected, but not Earned	4,551,162.21
Dividends Declared, but Unpaid	2,500,000.00
Reserve for Taxes, etc.	38,979,713.76
Liability Account of Acceptances	3,641,229.95
Time Deposits	\$ 559,736,662.90
Demand Deposits	1,931,619,509.20
Deposits of Public Funds	<u>214,526,122.34</u>
Liabilities other than those above stated	2,705,882,294.44
	<u>8,079,494.05</u>
	<u>\$3,025,592,372.71</u>

United States government obligations carried at \$298,576,500.00 are pledged to secure United States government and other public deposits, trust deposits, and for other purposes as required or permitted by law.

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(CONTINUED FROM PAGE 128)

halt in the housing program might develop because Congress voted only a limited anti-recession housing program last year. The tactic would be to create such a threat as a counter to a possible presidential veto. The Sparkman bill would provide almost \$3-billion for urban renewal, college housing and classrooms, and direct veterans loans, plus new Federal Housing Administration insurance authority and contracting authority for public housing. (See p. 95.)

As of this writing only 17 preliminary applications for licenses for small business investment companies have been filed with the Small Business Investment Division of SBA. This is far fewer than was anticipated two months ago. Letters of notification will go out to these 17 companies about the time this February issue of BANKING is published, and the SBID will complete its check of the people forming them.

In an effort to get more information out to the public about the SBIC program, the SBA will hold a series of three comprehensive briefing sessions in various parts of the country.

Senator Sparkman is expected to propose a number of amendments liberalizing tax features of the program. Representative Patman will also want to make some changes in the act.

Although it would not appear at this time that another Financial Institutions Bill would have a ghost of a chance in this Congress, Representative Paul Brown of Georgia told BANKING that he intended to submit one. This was regarded as a wise and friendly move on his part. In a scene that changes as swiftly as that in Congress, it is well to be prepared to seize any opportunity that may develop. In the meantime, however, the A. B. A. will aggressively support a number of bills containing some of the major features of the Financial Institutions Bill.

Paper money may be covered with germs, but we haven't held on to any long enough recently to catch anything.

The person who goes on a vacation and wants to forget everything discovers that he has when he opens his suitcase.



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"With our experience, we would never attempt to operate the store without Watchmaster emergency lights ready to use and actuated by the current failure itself."

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EXCLUSIVE • Powerful, sealed-beam floodlights with strong center punch to illuminate long aisles and pin-point exits or critical stations, etc.

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AS
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It's like dialing a phone . . . just three *key letters* in the depositor's name are used *instead* of numbers. When these key letters are indexed on the Alpha-Digit Comparator, electronic comparison is established with the magnetic encoding on the depositor's Post-Tronic account card.

Thus, proper account selection is verified, and your bank can *immediately* secure—through Alpha-Digit comparison (equal

facility to use letters or numbers)—the many time- and money-saving advantages of the National Post-Tronic's one-run posting plan.

Your bank's investment is protected too—in the event you desire to adopt numeric coding in the future—because any Post-Tronic can be quickly altered to accommodate either plan . . . Alpha-Digit, using letters; or Numerics, using numerals.

Call your nearby National representative today. Permit him to show you how the Alpha-Digit Post-Tronic can bring the advantages of electronically controlled posting to your bank, regardless of the status of numeric coding under consideration. He's listed in the yellow pages of your phone book. Why not "DIAL" him today!



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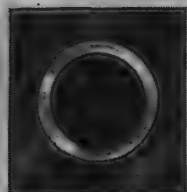


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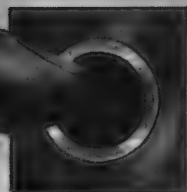
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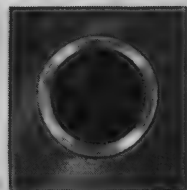
Let us supply you with the details of our *personalized* services. Better still, call on us for a practical demonstration of the friendly way we can handle your requirements—great and small.



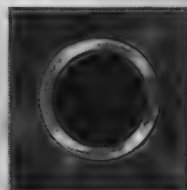
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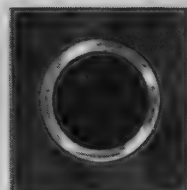
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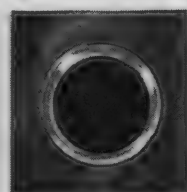
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"American Banks Now Overflow Not Only with Cash—but Love!"

IN the past 30 years a great many American institutions have changed almost beyond recognition, but none has changed so dramatically as the American bank.

Today, a bank is nothing more or less than a tender trap where the banker is everybody's buddy and the till is chuck-a-block with togetherness.

In my childhood, the general architectural format of a bank was that of a cloistered morgue. That has given way today to a decor based on Versailles with overtones of Hollywood night club baroque. In the old days, a banker wanted to be respected; today, he wants to be loved.

Now, instead of occupying an austere office far from the madding crowd, the banker is just big daddy-o who sits right out in public like everybody else, listening kindly to your and my true confessions of why we need a quick buck for a winter vacation, to patch the roof, or play the ponies. All bankers are now charm school graduates. A customer, on entering a financial institution, is met by an awesome display of teeth.

I have been giving some long, long thoughts to this situation since the holidays. Surely no other city in the world is so beautiful as New York at that time. The decorations are magnificent and grow more so annually.

And who stole the show this year? Rockefeller Center? The department stores? Park Avenue? No, sir! The banks. One and all, they were gussied up with breath-taking decorations, including everything but wreaths of money. When I was a child, if a bank had squandered its funds on even one thin wreath, the examiners would have been in the back room within 12 hours, going through the books with a fine-tooth expert.

During the holidays, a Madison Avenue bank with vast lobby spaces actually staged a daily skating ballet with a quartet of living dolls, as well as a puppet show and carol sing-

ing led by the bank president! Thirty years ago that sort of shenanigans would have caused a run on the bank.

There is no headline on the financial page as lovely as "money is easier today." Well, sir, so are bankers. And it's nice.

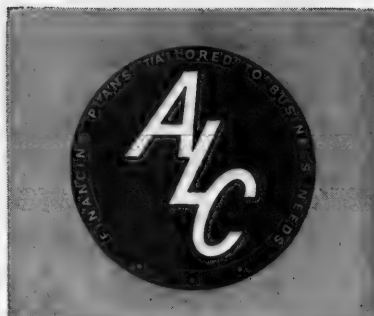
Indeed, the whole financial community today is sick for love and understanding versus the old back-of-the-hand attitude. Even I received an engraved invite to lunch with the president and directors of the New York Stock Exchange during the holidays.

What's more, I accepted. For a woman who is just crazy about men and money, this seemed a golden opportunity and it didn't have to knock twice. I had scarcely walked into the gilded board room of the Exchange, where the feast was held, when a director pinned a trellis of real, live orchids on me, which is exactly what I dream of—men with money.

The Stock Exchange and its officials are so eager for love that they invited 200 financial writers and seers of all the metropolitan newspapers, mags, and radio and teevee channels to gather at their board. When the guests saw the enormous bar set up at one end of the board room and the huge buffet table at the other, they just loved the Stock Exchange to death, too. You could have floated a new mutual issue on all that love.

The officials themselves were all as lovable as Pollyanna. The president of the Exchange, George Keith Funston, even opened up some of the locked committee rooms to show me the Exchange's collection of portrait art, when he saw that I was really interested. You know something? Next year, in the interest of love and general gemuetlichkeit, I wouldn't be surprised to find etchings!

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Common Market

(CONTINUED FROM PAGE 49)

leave each one free to have its individual schedule of tariffs and preferences vis-à-vis nonmembers. The British have had considerable support for their Free Trade Area proposal not only in other OEEC countries but in some Common Market countries as well. France, however, has been the big obstacle.

To date, the marriage of the Common Market and Free Trade Area schemes has proved impossible to

accomplish. The details of the stumbling blocks need not detain us here. The prospect of the Common Market tariff and quota changes coming into effect on January 1 without an arrangement between The Six and the other member of the OEEC was regarded in Britain, Switzerland, Austria, and other non-Common Market countries as discriminatory. Europe threatened to be split into two increasingly resentful trade groups. The European Payments Union, which extended balance-of-payments credits to its 17 member countries when needed,

was threatened with breakup. Creditor countries like Switzerland did not relish the idea of being called upon, through EPU, to finance the deficits of Common Market countries discriminating against them.

It was in the light of the impasse in the Free Trade Area negotiations that The Six, as mentioned above, announced in early December that the 10% Common Market tariff reduction of January would be generalized.

Another and major step in late December was the widespread move to make European currencies convertible for nonresidents into dollars. Britain, France, Germany, Italy, Holland, Belgium, Luxembourg, and the Scandinavian countries joined in this step. At the same time, France devalued the franc and freed 90% of its trade with OEEC countries from import quotas. These changes brought about the windup of the European Payments Union and implementation of the 1955 European Monetary Agreement to create a simpler European currency body—one not involving, as did EPU, automatic credit to members.

As a result of all these steps, trading in transferrable sterling in Zurich and New York has been largely restored to the London foreign-exchange market and Britain's bitterness about the Common Market has been greatly softened. This has cleared the way for a much calmer negotiation in 1959 of the question of broader European trade liberalization.

Effect of Cartels

By the end of 12-to-15 years it is expected that, like the U.S., The Six will comprise a single market without any internal trade barriers. To what extent cartels, traditionally powerful in Europe, operate to weaken this result remains to be seen. There is cause for apprehension on this score, some close observers feel.

Clearly, important changes in trade patterns are in the making, and commercial banking will be affected by them. The trade changes fortunately will occur gradually, in steps and stages. They will affect, first of all, banking's customers; but, through them, international banking itself. The prospect is that American exports will slowly be pinched. Stimulus to the familiar

(CONTINUED ON PAGE 138)

AN OPPORTUNITY for INSTITUTIONAL INVESTORS

Institutional investors are now eligible to buy limited amounts of U. S. Government bonds which do not involve any risk of market fluctuation. This is the first time that investors other than individuals and personal trusts have been able to buy the popular Series E or H Savings Bonds.

Corporations, partnerships, labor unions, clubs, lodges, church groups, credit unions, and many other groups (other than commercial banks) are now eligible to buy up to \$10,000 (face value) of each series in any one calendar year.

Series E Bonds appreciate in value each six months, and sell in denominations of \$25 to \$10,000 at purchase prices ranging from \$18.75 to \$7,500. They pay $3\frac{1}{4}\%$, compounded semiannually, when held to maturity (8 years and 11 months).

Series H Bonds pay current interest by Treasury check every six months. They mature 10 years from issue date, and, like the E Bond, yield an average $3\frac{1}{4}\%$ per year. Denominations are \$500, \$1,000, \$5,000, and \$10,000.

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NATIONAL BANK OF DETROIT

STATEMENT OF CONDITION, DECEMBER 31, 1958

RESOURCES

Cash on Hand and Due from Other Banks		\$ 392,538,460.61
United States Government Securities		660,681,069.33
Other Securities		191,913,278.91
Loans:		
Loans and Discounts	\$ 539,261,660.80	
Real Estate Mortgages	133,866,299.36	673,127,960.16
Accrued Income and Other Resources		9,091,775.71
Bank Premises		15,597,874.35
Customers' Liability—Acceptances and Credits		3,976,886.35
		<u>\$1,946,927,305.42</u>

LIABILITIES

Deposits:		
Commercial, Bank, and Savings	\$1,627,638,052.94	
United States Government	83,130,839.20	
Other Public Funds	55,491,668.00	\$1,766,260,560.14
Accrued Expenses and Other Liabilities		28,708,177.37
Acceptances and Letters of Credit		3,976,886.35
Capital Funds:		
Common Stock (\$10.00 par value)	\$ 28,974,000.00	
Surplus	90,000,000.00	
Undivided Profits	29,007,681.56	147,981,681.56
		<u>\$1,946,927,305.42</u>

United States Government Securities carried at \$169,193,395.99 in the foregoing statement are pledged to secure public deposits, including deposits of \$11,810,317.78 of the Treasurer, State of Michigan, and for other purposes required by law.

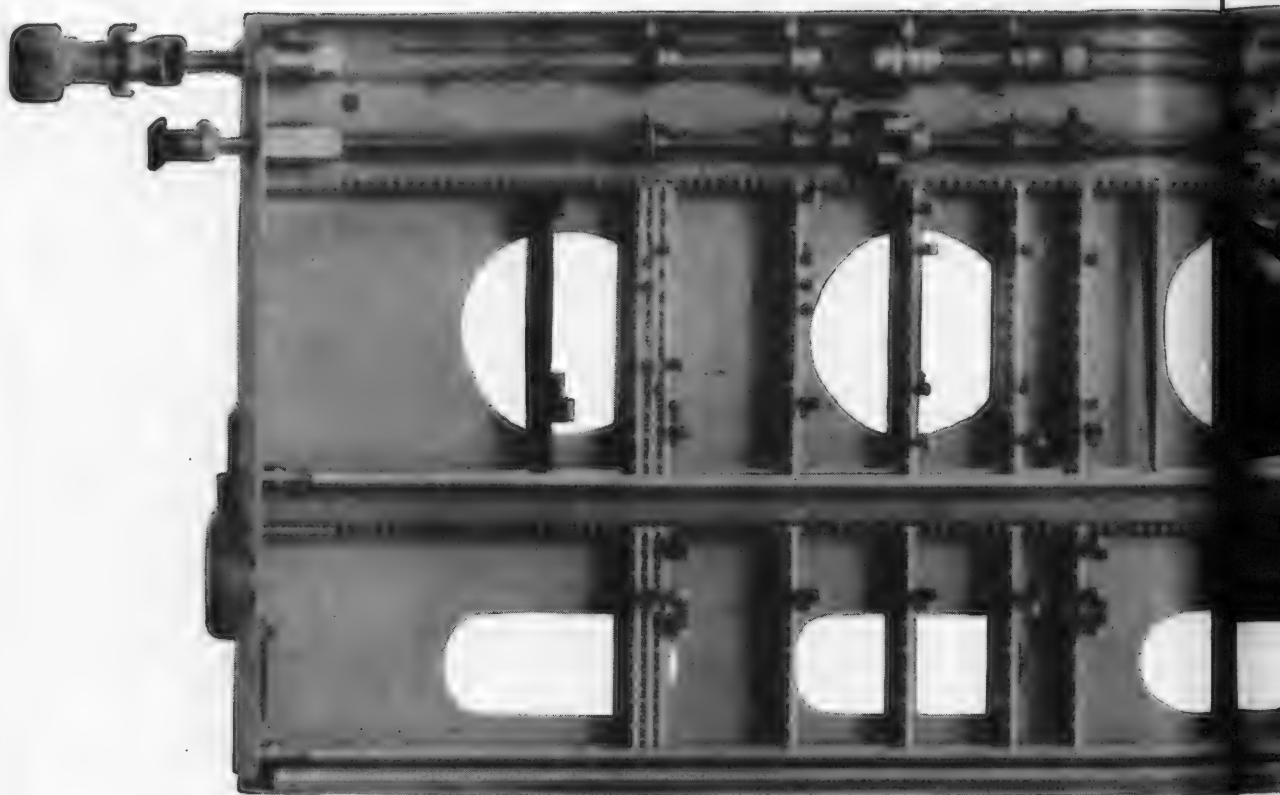
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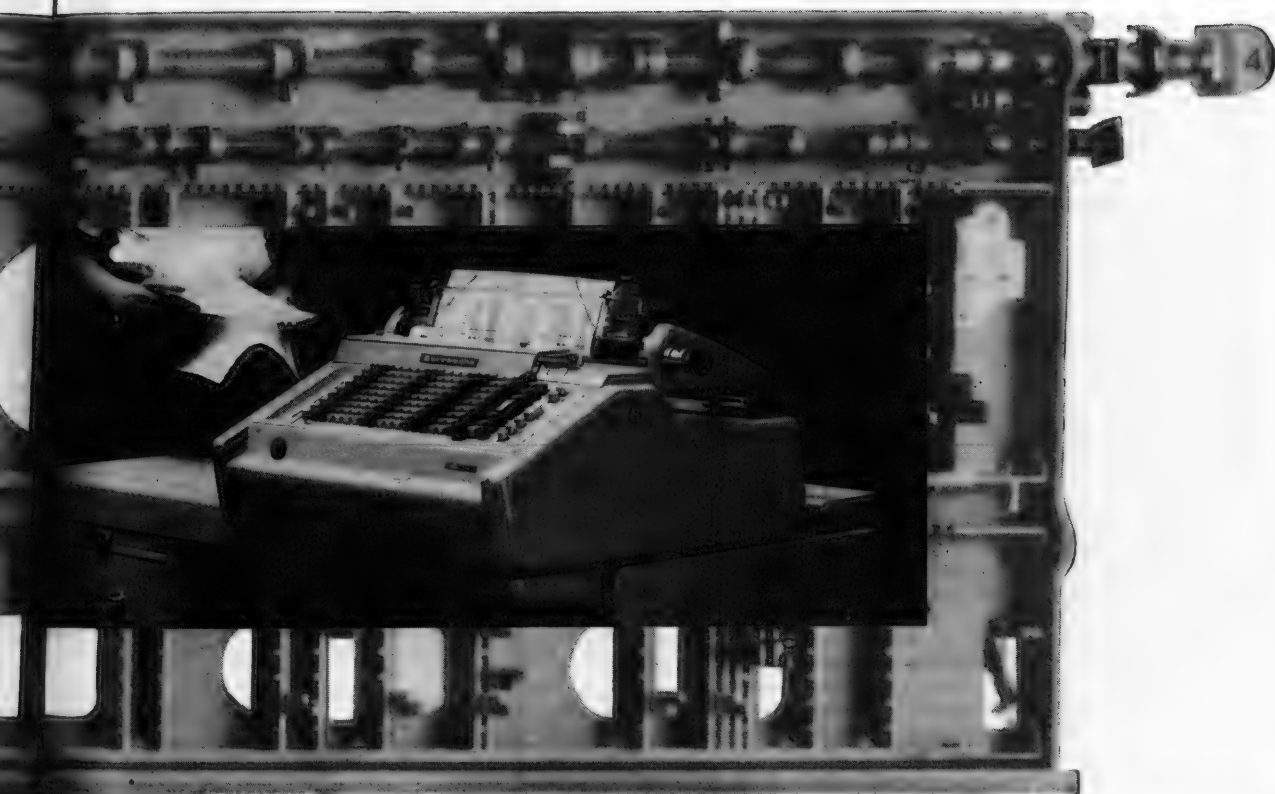


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Nothing will pay you such dividends now as a good look around before you leap into the electronic bookkeeping machine market. Did you know, for instance, that *only* the Burroughs Electronic Bank Bookkeeping Machine offers complete programming flexibility, with these advantages:

- *Easy adaptation to change in operations.*
- *Freedom to change forms design.*
- *You can easily switch the machine from job to job. No factory change needed.*
- *Advanced techniques like those used in the most advanced electronic computers permit functions and full information to be programmed in the machine's sensing panel.*

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VES
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There's a lot to think about there. Yet complete programming flexibility is only one of a battery of exclusive advances—such as *full* electronic verification—built into the Burroughs Electronic Bank Bookkeeping Machine. See how this machine, with its unequalled features and functions, can do more work for you in less time and do it more accurately, simply and economically than anything else around.

Call our nearby branch office for full details today. Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.

BURROUGHS KIT contains complete suggestions and sample materials to aid in building employee morale, customer relations and community good will during your change-over to electronic bank bookkeeping. Just phone our nearby branch for your copy. Or write to Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.



**Burroughs
Corporation**

"NEW DIMENSIONS / in electronics and data processing systems"

(CONTINUED FROM PAGE 134)

process of setting up branch factories abroad to operate behind foreign tariff walls may be expected. In cases where actual branch plants are not established, licensing of manufacture of U.S. products by foreign firms will tend to be encouraged, or interests may be acquired by Americans in European manufacturing companies. Any of these three developments will tend to reduce the amount of U.S. exports financed by U.S. commercial banks, transplanting trade financing problems to Europe.

While the above-described process as it affects us has been somewhat postponed by virtue of the 10% (maximum) tariff reduction to all GATT members, the fact that quota liberalization on January 1 was confined to the OEEC area still provided some new inducement to direct U.S. investment in manufacturing within the Common Market. It should be noted that in various cases U.S. firms already have been considering expanding their manufacturing operations in Europe anyway; and the advantages offered by the Common Market's preferences constitute simply an additional in-

ducement to go ahead with such plans. U.S. branch plants in Britain share the benefits received by all British firms.

Attraction to U. S. Operations Abroad

When and as a broader free trade understanding of some sort is reached, giving wider geographic range to unimpeded area commerce, there will be all the more attraction in establishing American manufacturing operations somewhere across the Atlantic, either in Britain or on the Continent, where such facilities either do not already exist or are inadequate to serve the market thus opened.

Manufacturing a company's products in the Common Market—or Free Trade Area, as the case may be—eliminates the necessity of exporting the firm's goods from the U.S. to areas served by the overseas plant. It tends to reduce the company's domestic financing requirements and to create the need for banking services abroad. U.S. banks with offices in the countries concerned, being already on the ground, are in a position to be of service from the outset. U.S. banks not operating foreign branches will tend to channel to their correspondent banks abroad the business of their customers who open new plants.

Trend to Bigness

If the Common Market has the intended result of increasing intra-market commerce, there will be a trend within the market toward larger industrial units. These may range farther afield than heretofore in seeking bank financing. German banks, for example, may develop more business in France or Italy. The same may hold for U.S. banks operating in Germany. American banks already having two or three offices on the Continent may find it desirable to open additional facilities in other Common Market centers.

Similarly, if a bigger Free Trade Area embracing the UK comes into being, manufacturers there, including U.S. branch plants, will have "the best of two worlds": Commonwealth preference plus freer access to the Continental market. The financing of those firms' exports will tend to grow in volume. American banks on the scene should share the benefits.

CONDENSED Statement of Condition

AT CLOSE OF BUSINESS DECEMBER 31, 1958

DIRECTORS

HERBERT D. IVEY
Chairman of the Board

ROY A. BRITT
President

MILO W. BEKINS
W. J. BOYLE
WALTER H. BUTLER
RALPH J. CHANDLER
DWIGHT L. CLARKE
ERNEST E. DUQUE
DAVIS FACTOR
L. O. IVEY
G. HAROLD JANEWAY
ROBERT GIBSON JOHNSON
EARLE M. JORGENSEN
DONALD H. MCKEE
GEORGE A. PARKER
JOHN B. RAUEN
SAMUEL K. RINDGE
WILLIAM S. ROSECRANS
W. A. SIMPSON
EMERSON SPEAR
RON STEVER
KENNETH B. WILSON

RESOURCES

Cash and Due from Banks	\$114,914,392
United States Government Securities	170,393,390
State, County and Municipal Securities	29,531,686
Other Securities	502,505
Loans and Discounts (Less Reserve)	217,156,038
Federal Reserve Bank Stock	660,000
Stock in Commercial Fireproof Building Co.—Head Office Building	348,500
Bank Premises	4,800,185
Furniture, Fixtures and Equipment	2,078,154
Other Real Estate Owned	1
Customers' Liability under Letters of Credit and Acceptances	1,449,190
Earned Interest Receivable	1,966,240
Other Resources	447,423
TOTAL	\$544,247,704

LIABILITIES

Capital Stock	\$ 7,000,000
Surplus	15,000,000
Undivided Profits	8,602,899
SUB-TOTAL	\$ 30,602,899
Reserve for Taxes, Expenses, Etc.	2,358,767
Discount Collected—Unearned	4,786,986
Letters of Credit and Acceptances	1,449,190
Other Liabilities	179,608
Deposits	504,870,254
TOTAL	\$544,247,704

Head Office: Fifth & Spring Streets, Los Angeles
46 Conveniently located branch offices in the greater Los Angeles area



CITIZENS NATIONAL
TRUST & SAVINGS
BANK
OF LOS ANGELES

Established 1890

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

Late in 1958 a group of French, German, Italian, Dutch, and Belgian banks was formed to study the opportunities for common action within the Common Market. Promoted by the Compagnie d'Outmermer pour l'Industrie et la Finance, the group includes Crédit Commercial de France, Rothschild Frères of Paris, Banca di Credito Finanziario of Milan, and Pierson Holding and Pierson of Amsterdam.

By enlarging markets the European reduction of trade and exchange barriers, stimulating competition, will tend to spur cost reduction and increased efficiency in general—excepting as cartels may prevent. Europe ultimately will offer us sharper competition in capital goods and consumer goods in third markets and even in the U.S. market. This is already noticeable in automobiles, certain office machines, electronic items, etc. U.S. branch plants and affiliates abroad are participants in this development, which tends to displace here American-produced and domestically financed products. Banks which, over the years, have been financing steady exports from the U.S. to various parts of the world may therefore tend to find the volume of such financing adversely affected by the increasing competitive ability of trans-Atlantic factories, both foreign and American-owned.

Financial Instruments

Trade liberalization overseas will tend to increase industrial investment there not only by private American and European firms, as well as European government-owned factories, but by official bodies. One of the new institutions created under the Treaty of Rome is the European Investment Bank, already headquartered in Brussels. It will make loans and issue guaranties on a nonprofit basis to modernize and convert enterprises which, because of their size or nature cannot be financed by already available facilities. Other financial instruments of the Common Market are the European Social Fund and the Development Fund; and there is a Common Market Monetary Committee. Whether the latter will suffice to coordinate monetary policy of the six members and so avoid future monetary disequilibria we venture not to predict. The Development Fund is to operate in the members' non-European territories.

The stimulus to American industrial investment abroad over the next decade or so will create opportunities for banks in this country to supply their customers with information and guidance on how and where abroad to set up manufacturing facilities. To render this service any bank with a man on the spot has an advantage.

It is Uncle Sam's policy to encourage private American industrial investment abroad; and it has long been the policy of Washington to use American money and know-how to strengthen Europe's economy.

These policies have been bearing fruit. They have set in motion gradual but important changes in the composition and direction of our world trade. The process, already well begun, will be intensified. We shall see further transplanting of American industrial production and know-how to trans-Atlantic sites. Along with this will go some transplanting of American banking services. The 1959 banker interested in international opportunities will need to keep a close eye on the shifting pattern of Europe's and the world's commerce.



FORT WORTH, TEXAS

STATEMENT OF CONDITION AT CLOSE OF BUSINESS

DECEMBER 31, 1958

RESOURCES

CASH AND DUE FROM BANKS.....	\$ 87,513,182.81
UNITED STATES GOVERNMENT SECURITIES.....	75,126,889.99
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	11,783,671.53
OTHER BONDS, NOTES AND DEBENTURES.....	45,196.00
STOCK FEDERAL RESERVE BANK.....	510,000.00
LOANS AND DISCOUNTS.....	\$122,849,533.37
COMMODITY CREDIT CORPORATION.....	7,262,591.13
INCOME EARNED—UNCOLLECTED.....	966,388.20
BANKING HOUSE AND GARAGE PROPERTY.....	3,687,000.00
FURNITURE AND FIXTURES.....	1.00
OTHER REAL ESTATE.....	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	178,542.50
OTHER RESOURCES.....	12,883.53
TOTAL.....	\$309,935,881.06

LIABILITIES

CAPITAL ACCOUNTS:		
COMMON STOCK.....	\$ 8,500,000.00	
SURPLUS.....	8,500,000.00	
UNDIVIDED PROFITS.....	2,205,758.40	\$ 19,205,758.40
RESERVE FOR CONTINGENCIES.....		3,336,248.65
RESERVE—AMORTIZATION OF BOND PREMIUMS.....		210,780.36
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....		2,504,405.49
LETTERS OF CREDIT ISSUED.....		178,542.50
INCOME COLLECTED—UNEARNED.....		1,212,259.69
DEPOSITS:		
INDIVIDUAL.....	\$210,285,986.10	
BANK.....	55,582,987.23	
U. S. GOVERNMENT.....	5,142,035.00	
OTHER PUBLIC FUNDS.....	12,276,877.64	283,287,885.97
TOTAL.....		\$309,935,881.06

U. S. Government and other securities carried at \$35,214,927.16 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Helping Build a Greater Fort Worth and Southwest

Capital and Reserve Accounts Over \$20 Million

MEMBER FEDERAL RESERVE SYSTEM

INSURANCE CORPORATION

Main Street

(CONTINUED FROM PAGE 31)

ARTHUR A. EKIRCH, trustee and retired 1st vice-president, North Side Savings Bank, Bronx, N. Y., receives testimonial scroll upon 53 years of affiliation with the bank.

STEPHEN WADE, comptroller, also becomes vice-president, Fulton Savings Bank, Brooklyn, N. Y.; LOUIS R. TISSOT, secretary, also becomes vice-president; JAMES G. MAHER,

from assistant vice-president to vice-president and mortgage officer.

JOHN S. HOWE, from vice-president and treasurer to president, The Provident Institution for Savings, Boston, Mass.

PAUL BECKER, safe deposit department manager, First Wisconsin National Bank, retires after 32 years with the bank. MR. BECKER served as president of the American Safe Deposit Association, 1949 to 1951.

Indiana Banker Retires



L. L. Matthews

L. L. MATTHEWS, president, American Trust Company of South Bend, Ind., retires after 37 years in banking. MR. MATTHEWS, past president of the Indiana Bankers Association, was national president of the Financial Public Relations Association in 1954, and was a member of the A.B.A. Executive Council from 1955 to 1957.

GEORGE T. DAVIES, from president, Theo. H. Davies & Co., Ltd., Honolulu, to vice-president, Bankers Trust Company, New York City.

EDMUND F. WAGNER, president, Seaman's Bank for Savings, New York City, becomes board chairman, succeeding JOHN D. BUTT, who retires but remains board member.

GEORGE B. KNEASS, from vice-president to senior vice-president, Philadelphia (Pa.) National Bank; STEPHEN T. B. TERHUNE, from assistant vice-president to vice-president.

HOLMAN D. PETTIBONE, board chairman, retires from Chicago Title and Trust Company; post of chairman is discontinued, but MR. PETTIBONE will continue as a director.

EDWARD N. DEAN, from vice-president and cashier to executive vice-president, First National Bank of Jersey City, N. J.; HAROLD E. MCCAUSLAND, from assistant vice-president to cashier.

C. MALCOLM DAVIS, from vice-president to senior vice-president, Fidelity Union Trust Company, Newark, N. J.; CLEMENT CAMBON, JR., PETER CARTMELL, WILLIAM F. GREENLEY, JR., and RAYMOND B. WEATHERBY all promoted to vice-presidency.

(CONTINUED ON PAGE 142)

CHEMICAL CORN EXCHANGE BANK

Founded 1824

165 Broadway, New York

Condensed Statement of Condition

At the close of business December 31, 1958

ASSETS

Cash and Due from Banks	\$ 945,243,955.86
U. S. Government Obligations	585,707,522.95
State, Municipal and Public Securities	394,209,559.69
Other Bonds and Investments	23,193,256.25
Loans	1,524,399,145.44
Banking Premises and Equipment	22,462,328.92
Customers' Liability on Acceptances	80,144,901.16
Accrued Interest and Accounts Receivable	13,548,353.34
Other Assets	4,658,689.71
	<u>\$3,593,567,713.32</u>

LIABILITIES

Capital Stock (\$10. par) \$ 63,765,900.00	
Surplus	186,234,100.00
Undivided Profits	<u>45,837,759.58</u>
	\$ 295,837,759.58
Reserve for Contingencies	9,780,167.76
Reserves for Taxes, Expenses, etc.	17,072,528.49
Dividend Payable January 1, 1959	3,825,954.00
Acceptances Outstanding (Net)	83,015,091.69
Other Liabilities	10,033,657.83
Deposits	<u>3,174,002,553.97</u>
	<u>\$3,593,567,713.32</u>

Securities carried at \$148,842,952.76 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

Convenient Offices Throughout Greater New York

Every Banking and Trust Service at Home and Abroad

Charter Member New York Clearing House Association
Member Federal Reserve System Member Federal Deposit Insurance Corporation



CONTINENTAL ILLINOIS NATIONAL BANK and TRUST COMPANY OF CHICAGO

Statement of Condition

December 31, 1958

RESOURCES

Cash and Due from Banks	\$ 795,138,881.53
United States Government Obligations	816,618,523.80
Other Bonds and Securities	149,743,306.67
Loans and Discounts	1,066,113,632.33
Stock in Federal Reserve Bank	6,750,000.00
Customers' Liability on Acceptances	5,513,779.26
Income Accrued but Not Collected	11,203,999.48
Banking House	6,900,000.00
Total Resources	<u>\$2,857,982,123.07</u>

LIABILITIES

Deposits	\$2,555,170,750.38
Acceptances	5,667,121.64
Reserves for Taxes, Interest, and Expenses	23,710,630.63
Reserve for Contingencies	10,000,000.00
Income Collected but Not Earned	2,156,007.65
Total Liabilities	<u>\$2,596,704,510.30</u>

CAPITAL ACCOUNTS

Capital Stock (3,000,000 shares. Par value \$33 $\frac{1}{4}$)	\$ 100,000,000.00
Surplus	125,000,000.00
Undivided Profits	36,277,612.77
Total Capital Accounts	<u>\$ 261,277,612.77</u>

Total Liabilities and Capital Accounts

United States Government obligations carried at \$276,642,710.37 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

BOARD OF DIRECTORS

WALTER J. CUMMINGS, Chairman

J. Q. ADAMS Real Estate	LAWRENCE P. FISHER Director General Motors Corporation	DAVID M. KENNEDY President
CHAUNCEY B. BORLAND Managing Owner Borland Properties	WILLIS GALE Chairman Commonwealth Edison Company	JAMES R. LEAVELL Banker
CHAMP CARRY President Pullman Incorporated	WILLIAM A. HEWITT President Deere & Company	WILLIAM H. MITCHELL Partner Mitchell, Hutchins & Co.
ALFRED COWLES Cowles Properties	JOHN HOLMES Chairman of Board Swift & Company	ROBERT H. MORSE, JR. President Fairbanks, Morse & Co.
EDWARD A. CUDAHY Chairman of the Board The Cudahy Packing Company	FRANK W. JENKS President International Harvester Company	PHILIP W. PILLSBURY Chairman of the Board of Directors The Pillsbury Company
JOHN F. CUNEO President The Cuneo Press, Inc.	CHARLES H. KELLSTADT President Sears, Roebuck and Co.	FRANK F. TAYLOR Banker
CALVIN FENTRESS, JR. Chairman of the Board Allstate Insurance Company		HERMAN WALDECK Banker

LOCK BOX H, CHICAGO 90, ILLINOIS
Member Federal Deposit Insurance Corporation

Mobile Homes . . . a nationwide phenomenon

There's good reason to expect that the 86th Congress will be introduced to an omnibus housing bill including amendments to increase maximum mortgage per mobilehome park from \$300,000 to \$500,000 and maximum per space from \$1,000 to \$1,500. Passing this bill will help pave the way to increase and improve park accommodations urgently needed by mobile home owners.

Mobilehome population in the U.S.A. has grown 16 TIMES FASTER than the over all population—from 100,000 in 1939 to over 3-million last year. Mobilehomes are manufactured in 34 states, sold in all 49 states and Canada by approximately 5,200 dealers—and there are now over 14,000 established mobile home parks (with over 518,000 spaces) in all states, Canada and Mexico. With the advent of larger mobilehomes, average capacity of existing parks has been reduced during the past 5 years from 18 to 10 spaces per acre.

More and more a real "home"

Although the mobilehome was born as a means of "transportable" housing and closely associated with its transporting vehicle—it has weaned itself successfully from this primary vehicular association by assuming a growing status of "semi-permanent" housing. Further maturity is now evidenced by the tendency to eliminate year labeling of models, which has been a high-depreciation factor in the auto industry. Now, like other homes, the mobilehome is being referred to as a "two-bedroom Domicile" as casually as one might say "a three-bedroom Georgian." It's a HOME!

All-in-one package

A family finds it far easier to "settle down" in a mobilehome because, instead of multiple major purchases of furniture and appliances in addition to the dwelling—the mobilehome purchase entails just ONE major purchase. And of course only one monthly payment makes it much easier for the consumer to budget.



THESE INFORMATIVE HIGHLIGHTS ON ONE OF AMERICA'S IMPORTANT INDUSTRIES ARE PRESENTED IN THE HOPES OF BETTER UNDERSTANDING OF MOBILE LIFE . . . BY

FOREMOST INSURANCE COMPANY

Grand Rapids 3, Mich.

No. 1 SPECIALIST IN MOBILEHOME PROTECTION

Main Street (Continued)

R. J. CRAWFORD, JR., GEORGE A. HOPIAK, JAMES A. RORSBURGH, all become vice-presidents, Wells Fargo Bank, San Francisco, Calif.

C. CLIFTON PRUITT becomes vice-president, Union Trust Company, St. Petersburg, Fla.

WALTER F. LINEBERGER, JR., from vice-president, Saalfeld Publishing Co., to vice-president, Central National Bank of Cleveland, Ohio; J. E. GELBACH, E. E. STEEHLER, both from assistant vice-president to vice-president.

LESTER A. CRAIG, from assistant vice-president to vice-president, First National Bank in St. Louis, Mo.

HERBERT C. MOSELEY, from executive vice-president to president and chief executive officer, Bank of Virginia, succeeding THOMAS C. BOUSHALL, bank founder and president since its organization in 1922, who becomes both board and executive committee chairman.

RAY A. ILG, senior vice-president and board member, National Shawmut Bank of Boston, retires after 30 years with that bank.

ADALBERT VON GONTARD, JR., becomes assistant vice-president, Manufacturers Trust Company, New York City.

JOHN J. HORGAN, JR., from vice-president, Peoples Trust Company of Bergen County, Hackensack, N. J., to vice-president, First Trenton (N. J.) National Bank.

W. H. McDONALD, from vice-president to president, First National Bank and Trust Company, Oklahoma City, succeeding C. A. VOSE, who becomes board chairman; JOHN C. HARRINGTON, from executive vice-president to executive committee chairman.

ANDREW LOUIS GOMORY, senior vice-president, Manufacturers Trust Company, New York City, was presented Austrian Gold Grand Cross of Merit for services rendered to that republic. Presentation was made in Vienna.

(CONTINUED ON PAGE 144)

Cleveland Bankers Prove to Be "Good Scouts"



William Harvey Kyle, left, president, Society National Bank, Cleveland, Ohio, receives the 15,000,000th copy of the Official Boy Scouts of America Handbook from Eagle Scout Charles D. Rumbarger, right. The handbook was presented in appreciation of Society National Bank's sponsorship of the Boy Scout Calendar for 1959



STATEMENT OF CONDITION

December 31, 1958

ASSETS

CASH AND SECURITIES:

Cash and Due from Banks . .	\$ 97,786,650.76
United States Government Securities—Direct and Guaranteed	326,469,615.97*
Federal Agency Securities . .	19,009,556.99*
State, County and Municipal Securities	80,847,338.49*
Other Securities	191,987.51
TOTAL	\$524,305,149.72

LOANS:

Real Estate Loans (Guaranteed or insured by the United States Government or its Agencies) . . .	\$165,866,326.86
Other Real Estate Loans . . .	130,210,378.01
Loans and Discounts	209,196,614.24
TOTAL	\$505,273,319.11

OTHER ASSETS:

Income Earned, but not Collected	\$ 5,254,897.85
Bank Premises and Equipment	22,023,537.02
Other Real Estate Owned . .	378,273.83
Customers' Liability under Letters of Credit and Acceptances	2,090,400.10
Other Assets	1,124,165.03
TOTAL	\$ 30,871,273.83
TOTAL ASSETS	\$1,060,449,742.66

LIABILITIES

DEPOSITS \$972,306,151.76

OTHER LIABILITIES:

Accrued Interest, Taxes and other Expense	\$ 3,339,588.24
Income Collected, but not Earned	6,751,606.95
Letters of Credit and Acceptance	2,116,617.62
Other Liabilities	769,569.52
TOTAL	\$ 12,977,382.33

RESERVE FOR POSSIBLE

FUTURE LOAN LOSSES \$ 5,201,765.84

CAPITAL ACCOUNTS:

Capital Stock	\$ 27,674,275.00
Surplus	31,131,749.50
Undivided Profits	11,158,418.23
TOTAL	\$ 69,964,442.73

TOTAL LIABILITIES **\$1,060,449,742.66**

*\$186,043,000.00 principal amount deposited as security for public and trust deposits and for faithful performance of court and private trusts.



First Western Bank

AND TRUST COMPANY

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Head Office: 405 Montgomery St., San Francisco • Southern California Headquarters: 556 South Spring St., Los Angeles

There is only

ONE

Pioneer Company
... for Exclusive
Credit Life
Insurance
Service

Licensed in all 48 States, D.C.
and Hawaii with Regional
Service Offices Coast to Coast



Spencer Weart
.....

BANKING STUDIES
Branch Locations

225 East 46th St., New York 17, N. Y.

Why Pass Up Extra Commissions?

Leading passbook manufacturer now has several territories open for aggressive men calling on banks to sell all types of passbooks and pocket check covers. Commission basis.

WILLIAM ESLINE, INC.

1770 Ontario Street • Cleveland 11, Ohio

Main Street (Continued)

RICHARD T. BRIGHT, from assistant vice-president to vice-president, Mercantile National Bank, Dallas, Tex.

VAN B. PHILLIPS, general sales manager, becomes vice-president in sales and advertising, Recordak Corporation, New York City.

FREDERICK G. ROGERS, from assistant vice-president to vice-president, Fidelity-Philadelphia Trust Company, Philadelphia, Pa.

CARL E. WAGNER, becomes vice-president at First Western Bank and Trust Company, San Francisco. WALTER P. FRICK, DONALD I. THOMAS, PIER FRANCESCA TALENTI, become vice-presidents.

JOHN C. MCHANNAN, honorary chairman, Central National Bank of Cleveland, Ohio, is named to governing council of American Ordinance Association, organized to implement our country's military reliance on industry as part of maintaining total preparedness against enemy aggression.

A. L. BURCHFIELD becomes vice-president, Bank of the Southwest, Houston, Tex.

JOSEPH J. SPENCER, from assistant vice-president to vice-president, Manufacturers Bank & Trust Company of St. Louis, Mo.; L. P. CAMPBELL, from assistant treasurer to assistant vice-president.

GUY R. BYAM, from assistant vice-president to vice-president, Bankers Trust Company, New York City.

DONALD S. SLATER, from assistant vice-president to vice-president, Bloomfield, N. J., office of National Newark and Essex Banking Company.

RUDOLPH J. NORO joins J. William Irwin Company, financial advertising, public relations and promotions firm, Westbury, N. Y., as vice-president.

EWALD E. LANG, from cashier to vice-president, Elmhurst (L.I., N.Y.) National Bank; EVERETT

George A. Mooney Becomes N.A.I.C. Head



George A. Mooney, whose term as Superintendent of Banks for the State of New York expired in December, assumed new duties as executive director of National Association of Investment Companies as of January 1

SEEGER, from comptroller and auditor to cashier.

ROBERT A. NYERE, BENJAMIN F. STACEY become vice-presidents, First National Bank of Boston.

B. J. HARRIS, president, Harvard Investors, Inc., and vice-chairman of the boards of Metropolitan Bank of Miami, Fla., and Everglades Bank of Fort Lauderdale, becomes board member of Texas International Sulphur Company, Houston.

New vice-presidents at Indiana National Bank, Indianapolis: J. HUGH FUNK, SHELLEY M. GIVENS, JAMES E. LENTZ, J. HAROLD WRIGHT and newly appointed trust officers WALTER M. EVANS and KENNETH L. PEEK.

MACDONNELL TYRE and C. A. MCNAIR, from assistant vice-president to vice-president, Trust Company of Georgia, Atlanta.

CHARLES B. PRESLEY becomes vice-president, Georgia Railroad Bank and Trust Company, Augusta.

JOHN R. LAWRENCE, from assistant cashier, First Hutchings-Sealy National Bank, Galveston, Tex., to vice-president, Fannin State Bank, Houston, Tex.; JAMES B. PARK, from assistant cashier, Fannin State Bank, to vice-president.

(CONTINUED ON PAGE 146)



A nation-wide survey made by Christmas Club a Corporation shows that Christmas Club members are concentrated in the young family group

Age Bracket	Proportion of Total Population In Age Bracket	Proportion of Christmas Club Membership In Age Bracket
Under 15 Years	29.4%	7.8%
15-24 "	13.3	11.0
25-34 "	14.6	21.3
35-44 "	13.9	25.3
45-54 "	11.5	18.0
55-64 "	8.8	10.9
Over 65 "	8.5	5.7
	<u>100.0</u>	<u>100.0</u>

Christmas Club a Corporation

Founded by Herbert F. Rawll

230 PARK AVE., NEW YORK 17, N.Y.

Best way to build Future Business

Nearly one-half of all Christmas Club members (46.6%) are between the ages of 25 and 44—far in excess of the population ratio (28.5%) of this group.

These young Americans are prime prospects for *all* your services. Because they have growing families they need savings programs, loans, safe deposit boxes and financial advice. They are your best market today—and tomorrow!

When you add Christmas Club to your services, you are building new business for the future. A staff member of Christmas Club a Corporation will gladly tell you the complete story. No obligation, of course.

Builds Character • Builds Savings • Builds Business for Financial Institutions

SEATTLE-FIRST NATIONAL BANK

STATEMENT OF CONDITION
AT CLOSE OF BUSINESS DECEMBER 31, 1958

RESOURCES

Cash and Due from Banks . . .	\$192,719,751.55	
U. S. Government Securities . .	220,529,171.10	
Obligations of Federal Agencies .	14,988,244.16	
State and Municipal Securities . .	72,267,134.32	
Other Bonds and Securities . . .	1,150,007.00	\$501,654,308.13
Loans and Discounts		446,868,386.10
Federal Reserve Bank Stock		1,500,000.00
Bank Buildings, Vaults, Furniture and Fixtures, etc.		12,657,770.56
Interest Earned Not Received		4,169,454.82
Customers' Liability under Letters of Credit and Acceptances		4,395,240.37
TOTAL		\$971,245,159.98

LIABILITIES

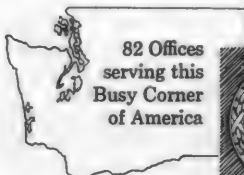
Capital Stock	\$ 20,000,000.00	
Surplus	30,000,000.00	
Undivided Profits	20,844,070.35	\$ 70,844,070.35
Reserve for Interest, Taxes, etc.		8,128,514.08
Discount Collected Not Earned		5,407,147.10
Letters of Credit and Acceptances		4,395,240.37
Deposits		882,470,188.08
TOTAL		\$971,245,159.98

DIRECTORS

LAWRENCE M. ARNOLD
Chairman
DON H. WAGEMAN
Chairman,
Executive Committee
FRANK E. JEROME
President
J. H. BALLINGER
Venables, Ballinger & Clark,
Attorneys, Seattle
WELLWOOD E. BEALL
Senior Vice-President
Boeing Airplane Company,
Seattle
HENRY BRODEKICK
President,
Henry Broderick, Inc.,
Seattle
FRANK H. BROWNELL, JR.
Vice-President
CHARLES F. CLISE
President, Securities
Mortgage Co., Seattle
EARL D. DORAN
President, Doran Company,
Seattle

JOEL E. FERRIS
Spokane
O. D. FISHER
Chairman, Fisher Flouring
Mills Co., Seattle
L. C. HENRY
President, H. C. Henry
Investment Co., Seattle
CHARLES H. INGRAM
Director, Weyerhaeuser
Timber Company, Tacoma
ERIC A. JOHNSTON
President, Motion Picture
Producers and Distributors of
America, Inc.,
Washington, D. C.
RICHARD E. LANG
President, Lang & Co.,
Seattle
RUSSELL MILLER
Executive Vice-President,
Pacific Gamble Robinson
Co., Seattle
B. A. PERHAM
President, Perham Fruit
Corp., Yakima

W. G. REED
Chairman, Simpson Timber
Company, Seattle
VOLNEY RICHMOND, JR.
President, Northern
Commercial Company,
Seattle
WILBUR W. SCRUBY
Seattle
ALFRED SHEMANSKI
President, Eastern Outfitting,
Co., Seattle
ELBRIDGE H. STUART
Chairman, Carnation
Company, Los Angeles
J. A. SWALWELL
Seattle
GEORGE VAN WATERS
President, Van Waters &
Rogers, Inc., Seattle
KATHERYN WILSON
Director, Simpson Timber
Company, Seattle



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Main Street (Continued)

H. T. LUNDAHL, LEIGHTON B. TUCK, TONY L. WESTRA, all become vice-presidents at California Bank, Los Angeles.

H. ROY WINTER and ARTHUR F. MORGAN both become vice-presidents at Empire Trust Company, New York City.

E. E. LAIRD, from president to board vice-chairman, First National Bank, Jackson, Miss.; R. M. HEARIN, from board vice-chairman to president.

WILLIAM J. LOWRY, from assistant vice-president to vice-president, Hartford (Conn.) National Bank & Trust Company; CLIFTON M. GRISWOLD, CURTIS J. NORRIS, both go from assistant vice-president to vice-president.

JAMES D. EVANS, Jr., from assistant vice-president to vice-president, Bank of Hawaii, Honolulu; ROBERT T. SASAKI, from assistant vice-president to vice-president.

RICHARD P. SHERWOOD, from vice-president to senior vice-president, Citizens National Trust and Savings Bank of Los Angeles, Calif.; DAVID F. CULBERTSON, from assistant vice-president to vice-president.

LEROY A. PETTEE, trust officer, from assistant cashier to cashier, First National Bank, Peterborough, N. H.

N. ROBERT HAMMER, from assistant vice-president to cashier, Pan American Bank of Miami. HOMER C. SMITH, from finance manager, Chrysler Corporation, to Pan American Bank as vice-president.

LAWRENCE W. GOUGLER, GEORGE S. READ, become vice-presidents, The Northern Trust Company, Chicago, Ill.; WESLEY W. GRATZ, HENRY A. HEINSEN, JR., DONALD G. WHITEMAN, become second vice-presidents.

ALTON E. ALLEN becomes vice-president, Security-First National Bank, Los Angeles, Calif.; A. AMES TUTHILL, EDWARD G. FOY, EARL H. CURTIS, LAWRENCE W. COX, all become vice-presidents.

(CONTINUED ON PAGE 148)

DIRECTORS

BARNEY BALABAN
President, Paramount Pictures Corporation

EDWIN J. BEINECKE
Chairman, The Sperry and Hutchinson Company

CLINTON R. BLACK, JR.
President, C. R. Black, Jr. Corporation

ALVIN G. BRUSH
Chairman, American Home Products Corporation

LOU R. CRANDALL
Chairman, George A. Fuller Company

CHARLES A. DANA
Chairman, Dana Corporation

HORACE C. FLANIGAN
Chairman, Board of Directors

JOHN M. FRANKLIN
President, United States Lines Company

JOHN GEMMELL, JR.
Clyde Estates

PAOLINO GERLI
President, Gerli & Co., Inc.

GABRIEL HAUGE
Chairman, Finance Committee

EUGENE S. HOOPER
President

ROY T. HURLEY
Chairman and President, Curtiss-Wright Corporation

OSWALD L. JOHNSTON
Simpson Thatcher & Bartlett

BARRY T. LEITHEAD
President, Cluett, Peabody & Co. Inc.

KENNETH F. MacLELLAN
President, United Biscuit Company of America

JOHN T. MADDEN
Chairman, Emigrant Industrial Savings Bank

GEORGE V. McLAUGHLIN
Vice Chairman, Triborough Bridge and Tunnel Authority

WILLIAM G. RABE
Chairman, Trust Committee

HENRY B. SARGENT
President, American & Foreign Power Company, Inc.

HAROLD V. SMITH
Chairman, The Home Insurance Company

L. A. VAN BOMEL
Trustee, American Surety Company

HENRY C. VON ELM
Honorary Chairman

GEORGE G. WALKER
President, Electric Bond and Share Company

MANUFACTURERS TRUST COMPANY

Head Office: 44 Wall Street, New York

114 OFFICES IN GREATER NEW YORK

Statement of Condition, December 31, 1958

RESOURCES

Cash and Due from Banks	\$1,057,629,207
U. S. Government Securities	865,585,430
U. S. Government Insured F. H. A. Mortgages	79,154,073
State, Municipal and Public Securities ..	234,702,131
Stock of Federal Reserve Bank	4,511,700
Other Securities	28,980,056
Loans, Bills Purchased and Bankers' Acceptances	1,268,386,427
Mortgages	23,958,221
Banking Houses and Equipment	23,298,055
Customers' Liability for Acceptances ...	55,604,573
Accrued Interest and Other Resources ..	12,234,755
	<u>\$3,654,044,628</u>

LIABILITIES

Capital (5,039,000 shares—\$10. par) ... \$	50,390,000
Surplus	100,000,000
Undivided Profits	71,113,502
	<u>\$ 221,503,502</u>
* Reserve for Possible Loan Losses	48,712,786
Reserves for Taxes, Unearned Discount, Interest, etc.	31,912,070
Dividend Payable January 15, 1959 ...	2,519,500
Outstanding Acceptances	56,719,484
Liability as Endorser on Acceptances and Foreign Bills	31,982,360
Other Liabilities	2,839,103
Deposits	3,257,855,823
	<u>\$3,654,044,628</u>

* Applicable to cover such future loan losses as may develop. None are at present known.

United States Government and Other Securities carried at \$148,196,612 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

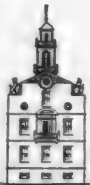
MIT

Massachusetts Investors Trust Special Distribution of Capital Gains

12 cents a share, net long term capital gains, in shares or, at the option of the holder, in cash, payable February 16, 1959 to shareholders of record December 31, 1958.

ROBERT W. LADD,
Secretary

200 Berkeley Street, Boston



DO YOU NEED MORE DEPOSITS?

Exline animal-style coin savers really appeal to young and old; establish the thrift habit and quickly build deposits.

Standard and special designs available.

Write for samples and prices.

WILLIAM EXLINE INC.

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OPENINGS FOR BANK OFFICERS

Our firm has contacts with banks throughout the United States. If you are interested in changing location, send for an application. (No placement fee for applicants.) Strictest confidence will be maintained.

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Chicago 90, Illinois

"Your Career in Banking"

50¢ per copy

Buy it for your
entire staff

BANKING

AMERICAN BANKERS ASSOCIATION

12 East 36th Street, New York 16, N. Y.

Main Street (Continued)

WALTER L. IRELAND, from assistant vice-president to vice-president, First National Bank, Memphis, Tenn.; STANLEY L. SNOW, MARK VORDER BRUEGGE, also from assistant vice-presidents to vice-presidents.

GENERAL LUCIUS D. CLAY joins board of directors, Chase Manhattan Bank, New York City.

About Banks

SOCIETY NATIONAL BANK of Cleveland, Ohio, opens new Euclid Shore branch.

NASHVILLE (Tenn.) TRUST COMPANY opens Murfreesboro Rd. branch.

CITIZENS NATIONAL BANK of BRADFORD, Pa., merges into BRADFORD NATIONAL BANK.

MANCHESTER (Conn.) TRUST CO. merges into CONNECTICUT BANK AND TRUST COMPANY, Hartford.

BANKERS TRUST COMPANY, New York City, opens two new offices, one in Queens County, one in the Borough of Manhattan.

HUNTINGDON VALLEY TRUST COMPANY merges into FIRST PENNSYLVANIA BANKING AND TRUST COMPANY, Philadelphia.

CITY BANK FARMERS TRUST Co., New York City, which is a FIRST NATIONAL CITY BANK affiliate, changes name to FIRST NATIONAL CITY TRUST Co.

COMMUNITY NATIONAL BANK of BUTTONWILLOW, Calif., opens Kern River Valley branch.

AMERICAN TRUST COMPANY, San Francisco, opens Santa Rosa office.

SECURITY NATIONAL BANK, Long Island, opens Melville, L. I., office.

FIRST NATIONAL BANK in HARVEY, Ill., holds open house in remodeled and enlarged quarters.

1700 Attend 1st National of Chicago Conference



The 12th Annual Conference for Bank Correspondents of First National Bank of Chicago, was held in the Morrison Hotel in early December, with more than 1,700 bankers attending. They represented some 1,200 banks located in nearly every state and some foreign countries.

Shown above, on the dais, are First National officers and Ezra Taft Benson, U. S. Secretary of Agriculture. From left to right, R. H. Becker, vice-president; H. V. Prochnow, vice-president; J. B. Forgan, board vice-chairman; Mr. Benson; R. J. Livingston, president; W. H. Heymann, executive vice-president; G. A. Freeman, vice-president; G. C. Kiddoo, vice-president.

Tulsa Bank Gets "Flowery" Praise



R. Elmo Thompson, *right*, president, Tulsa First National Bank and Trust Co., accepts Chamber of Commerce award for "property beautification" from Mrs. Christina Tinger

TULSA'S FIRST NATIONAL BANK AND TRUST Co. has been commended by the Tulsa (Okla.) Chamber of Commerce for its efforts at property beautification in downtown Tulsa.

An award was presented to First of Tulsa in recognition of "the beautification of its property that further enhances Tulsa's reputation as America's Most Beautiful City."

Plantings in the bank's promenade are changed with the seasons. Christmastime holly bushes with red berries are planted, followed by tulips in the spring, lilies at Easter, and other seasonal plantings throughout the year. First National has elm trees along its sidewalk, and green hedges rim the setbacks of the bank building.

COUNTY TRUST COMPANY, White Plains, N. Y., opens new Mamaroneck office.

FARMERS & MERCHANTS STATE BANK opens new drive-in bank in Archbold, Ohio.

SECURITY NATIONAL BANK, Huntington, N. Y., opens Melville branch.

MANUFACTURERS TRUST COMPANY, New York City, opens new branch in Astoria, Queens.

CITIZENS COMMERCIAL TRUST AND SAVINGS BANK, Pasadena, Calif., opens La Canada office.

BANK of SHEDD, Oreg., opens Brownsville branch.

COMMUNITY SAVINGS BANK OF ROCHESTER, N. J., opens Waring Road office by cutting gold ribbon of dollar bills.

SOCIETY FOR SAVINGS in the CITY OF CLEVELAND, Ohio, merges into SOCIETY NATIONAL BANK in an unusual transfer of assets and assumption of liabilities procedure, offer-

ing fractional share of distribution rights "down to the last dollar of deposit."

BANK OF VIRGINIA opens new Petersburg, Va., branch.

WORCESTER (Mass.) COUNTY TRUST COMPANY becomes WORCESTER COUNTY NATIONAL BANK.

IOWA STATE SAVINGS BANK, Creston, observes its 75th anniversary.



for personalized service in **MEMPHIS**

STATEMENT OF CONDITION

The First National Bank of Memphis at the close of business December 31, 1958.

RESOURCES

Cash and Due from Banks	\$ 59,616,446.22
U.S. Government Securities	55,319,057.48
State, County and Municipal Bonds	20,154,350.11
Other Bonds and Securities	900,004.00
Stock in Federal Reserve Bank	600,000.00
Loans and Discounts	134,563,533.13
Loans Guaranteed by Commodity Credit Corp.	3,247,397.04
Bank Premises: Main Office	820,000.00
Bank Premises: Branches	1,085,000.00
Accrued Interest Receivable	883,093.08
Other Assets	176,958.42
Customers' Liability Acc't	
Letters of Credit Executed	431,076.92
TOTAL	\$277,796,916.40

LIABILITIES

Deposits:	
Demand	\$192,610,565.92
Savings and Other Time	57,498,655.15
Total Deposits	\$250,109,221.07
Reserve for Taxes	1,166,083.37
Unearned Discount	1,666,490.71
Dividend Payable Jan. 1, 1959	210,000.00
Letters of Credit Executed for Customers	431,076.92
Capital Funds:	
Capital Stock (Par Value \$10.00 Per Share)	\$ 6,000,000.00
Surplus	14,000,000.00
Undivided Profits	4,214,044.33
Total Capital Funds	24,214,044.33
TOTAL	\$277,796,916.40



The First National Bank of Memphis

Member Federal Deposit Insurance Corporation

Memphis, Tenn.



CONDENSED STATEMENT

At the Close of Business
December 31, 1958

RESOURCES

Cash and Due from Banks...	\$100,641,111.45
U. S. Government Securities...	61,412,485.71
Securities of Instrumentalities of the United States Gov- ernment	3,484,883.25
State and Municipal Securities	9,029,442.99
Stock in Federal Reserve Bank	750,000.00
Other Securities	1,515,070.24
Commodity Credit Corpora- tion Cotton Notes	3,938,236.77
Securities Held Under Repur- chase Agreements	5,274,273.26
Loans and Discounts	183,306,454.02
Banking Houses and Fixtures (Main Office and Branches)	4,065,000.00
Customers' Liability A/C Ac- ceptances	11,228,016.88
Accrued Interest Receivable...	743,174.15
Other Assets	99,140.57
Total	\$385,487,289.29

LIABILITIES

Capital Stock \$ 7,500,000.00	
Surplus 17,500,000.00	
Undivided	
Profits	3,818,591.94
Reserve for Interest, Taxes, and Expenses	2,082,278.19
Interest Collected but not Earned	1,848,139.90
Acceptances Outstanding	11,228,016.88
Deposits	341,510,262.38
Total	\$385,487,289.29

*One of America's
Great Banks . . .
Always Ready to Serve You*



Memphis, Tennessee
Member Federal Deposit Insurance Corporation

Effects of Inflation

(CONTINUED FROM PAGE 45)

the official exchange rates under the very eyes of the police in Paris and almost everywhere else have been those "furtive men in their all-weather uniforms of shabby raincoats who lurk in the streets," importuning male tourists with their offers of spicy post cards and cheap francs.

For all that French central bankers and successive finance ministers could show in the way of accomplishment, the disease that was consuming the franc was beyond their power to cure. All sorts of official devices were resorted to with the aim of checking the decline and the loss of public confidence in the currency. Many of these devices, indeed nearly all of them, dealt with symptoms rather than fundamental causes of the inflation. Repeated periodic doses of inflation, brought about not only by war and its aftermath but as well by inadequate official economic and fiscal policies, wrought their effect not only on the economic and political life of the nation, but on social behavior and morals. Every Frenchman, almost, seems to have devoted a large part of his thought on how to save "his."

Should he hoard gold coins? Could he evade the tax collector? Was there some way to send capital to safety abroad? Were ordinary stocks and bonds any longer wise investment media?

Endless Indexes

Such have been the questions being asked daily in France. When no one knows what bread will cost tomorrow and when the price of a subway ride or a newspaper is subject to change by bureaucratic edict, the cost of living becomes a preoccupation for everyone. As Finance Minister Ramadier told the

National Assembly in 1957, "It is no exaggeration to say that the value of the franc is tied to the cost of living index." And—he might have added—vice versa. In fact, the supposedly logical Frenchman has painted himself into a corner; for money, which the dictionary calls the measure of value, in France has its own value measured by the things it is supposed to measure. Here indeed is a pretty mess.

Effects in a Nutshell

"In inflation," remarked a former resident of France, "everyone in business makes money, even if he is not smart. The smart ones of course make a lot of money. But there is no competitive weeding-out of weaker businesses. Inflation leads to big profits, which are reinvested in the business—retained earnings, self-financing. This can have bad effects, the consumers' interests tending to be neglected. Also, the influence of the central bank is weakened. Thus, when in 1957 the Bank of France took steps to tighten credit, it took a considerable time before you could detect a slowdown in investment. That is, business investment was not heavily dependent on borrowing. So inflation, which is a bad thing from a monetary standpoint to start with, compounds the evil. Monetary controls tend to be undermined.

"An outstanding weakness in the French economy is the budget," this observer continued. "Why? Because so many activities which formerly raised their own revenues are now under the government's wing. For instance, housing used to be built for rental. Because of inflation, however, rent controls were instituted years ago and building for rental is no longer economic. So what happens? The government, of course, steps in and finances residential construction. It may do this by paying subsidies, or by guaranteeing mortgage credit, or in other ways. At any rate, the government has to garner the people's savings for this purpose, by taxation or borrowing. In the latter, the budget tends to become unbalanced and the deficit gives rise to more inflation. That is an example of an inflation spiral, the original inflation indirectly causing another round of inflation later.

(CONTINUED ON PAGE 153)

INFLATION

"A penny for your thoughts, my dear,"

I told our wistful daughter;

"Well, Dad," she said, "that's rather queer,"

"I was thinking of a quarter."

Stephen Schlitzer



THE CHASE MANHATTAN BANK

HEAD OFFICE: 18 Pine Street, New York

Statement of Condition, December 31, 1958

ASSETS

Cash and Due from Banks	\$2,100,874,863
U. S. Government Obligations	1,505,876,335
State, Municipal and Other Securities	442,967,864
Mortgages	178,722,647
Loans	3,807,259,870
Banking Houses	65,042,893
Customers' Acceptance Liability	165,547,113
Other Assets	63,690,154
	<u>\$8,329,981,739</u>

LIABILITIES

Deposits	\$7,386,096,807
Foreign Funds Borrowed	4,136,456
Reserve for Taxes	58,773,172
Acceptances Outstanding	\$184,014,712
<i>Less: In Portfolio</i>	<u>14,765,846</u>
Other Liabilities	60,568,261
Reserve for Contingencies	19,749,712
Capital Funds:	
Capital Stock	\$163,625,000
(13,090,000 Shares—\$12.50 Par)	
Surplus	400,000,000
Undivided Profits	<u>67,783,465</u>
	<u>631,408,465</u>
	<u>\$8,329,981,739</u>

Of the above assets \$510,850,056 are pledged to secure public deposits and for other purposes, and trust and certain other deposits are preferred as provided by law. Securities with a book value of \$25,412,945 are loaned to customers against collateral. Assets are shown at book values less any reserves.

Member Federal Deposit Insurance Corporation

THE INDIANA NATIONAL BANK

OF INDIANAPOLIS

Gateway to Business in Indiana



Condensed Statement of Condition

at close of business December 31, 1958

RESOURCES

Cash and Due from Banks	\$148,243,224.57
United States Government Securities . .	135,250,930.60
Other Bonds and Securities	27,292,837.07
Loans and Discounts	193,371,340.06
Stock in the Federal Reserve Bank . . .	1,125,000.00
Bank Buildings	5,000,000.00
Accrued Interest Receivable.	1,299,236.73
Other Resources	449,727.66
	\$512,032,296.69

LIABILITIES

Deposits	\$463,197,259.99
Reserve for Taxes, Interest and Expenses.	2,878,846.15
Dividend Payable January 2, 1959	446,600.00
Unearned Discount	2,474,050.44
Other Liabilities.	157,206.10
Capital Account:	
Capital	\$12,760,000.00
Surplus	24,740,000.00
Undivided Profits	5,378,334.01
	42,878,334.01
	\$512,032,296.69

BOARD OF DIRECTORS

WILLIAM P. FLYNN
Chairman of the Board

RUSSELL L. WHITE
Honorary Chairman of the Board

WILSON MOTHERSHEAD
President

CORNELIUS O. ALIG
President,
Home Land Investment Co.

JOSEPH E. CAIN
President,
P. R. Mallory & Co. Inc.

ANTON HULMAN, JR.
President,
Hulman & Co.
Terre Haute, Indiana

JOSEPH IRWIN MILLER
Chairman of the Board,
Cummins Engine Co., Inc.
Columbus, Indiana

JOHN C. APPEL
President,
Gregory & Appel, Inc.

FERMOR S. CANNON
Director,
Railroadmen's Federal Savings
& Loan Association

HERMAN C. KRANNERT
Chairman of the Board,
Inland Container Corporation

PERRY E. O'NEAL
Thompson O'Neal & Smith

EARL B. BARNES
Barnes Hickam Pantzer & Boyd

ROBERT A. EFROYMSON
President,
Real Silk Hosiery Mills, Inc.

W. I. LONGSWORTH
President,
Lilly Varnish Company

SAMUEL R. SUTPHIN
Chairman of the Board,
Beveridge Paper Company

R. NORMAN BAXTER
President,
The Keyless Lock Company

BRODEHURST ELSEY
President,
Indianapolis Glove Company

JOHN J. MADDEN
President,
John J. Madden
Manufacturing Company

KENNETH F. VALENTINE
President,
Pitman-Moore Company

C. HARVEY BRADLEY
Chairman,
Warehouse Advisory Board,
Jones & Laughlin Steel
Corporation

HARRY S. HANNA
President,
Indiana Bell Telephone
Company

MYRON J. MCKEE
President,
State Automobile Insurance
Association

JOSEPH O. WAYMIRE
Vice President and Treasurer,
Eli Lilly and Company

VOLNEY M. BROWN
Vice President

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

"Whereas in years gone by savings banks lent on mortgages, now the savings they garner are collected in turn by the Caisse des Depots et Consignations, which lends them to the Treasury. The latter, in turn, uses the money to finance housing loans or to invest in nationalized enterprises. France's budget trouble is largely a matter of investment not being channeled normally."

In describing what four decades of creeping inflation had done to thrift habits in France, the *U. S. News and World Report* in 1957 (Aug. 23) quoted a French banker as saying: "I bought an annuity before the war that should pay me \$2,000 yearly. It pays only \$60 a year now. I don't even bother to collect it." The current income on \$10,000 worth of war bonds bought at par in 1914 was only \$1.80 a year. The cost of clipping coupons on bonds—which by law must be deposited with banks for this purpose—exceeded the value of the coupons in many cases of prewar bonds, because of inflation.

Pensions—11 Cents

Similarly, the magazine further reported, the cost of maintaining files for paying pensions was greater than the pensions themselves. Some 160,000 World War I pensioners were collecting monthly pension payments worth but 11 cents; 500,000 collected 25 cents; and the rest, 75 cents a month. That was in 1957. Since then the real value of the pensions has further shrunk.

Where there is a prolonged and certain decline in the value of money, all that a businessman needs to do to keep in the black is to maintain his inventory. In France this fact helps explain the large increase in retail stores since 1945. Prices have kept creeping up despite all official price controls and subsidies. Periodically the official foreign exchange value of the franc has been adjusted, always downwards, and generally only after its value has already been lowered *de facto*.

Succoring groups victimized by inflation had posed grave problems of public finance. Taxes have had to be raised repeatedly and deficits have had to be financed by borrowing from the public on more and

78 OFFICES in Utah, Idaho, Wyoming



COMBINED STATEMENTS OF CONDITION DECEMBER 31, 1958

RESOURCES	
Cash on Hand and Due from Banks.....	\$ 90,236,201.32
United States Government Securities.....	135,130,038.19
State, County and Municipal Bonds.....	46,519,154.81
Other Bonds and Securities.....	3,208,450.69
Total Cash and Securities.....	275,093,845.01
Loans and Discounts.....	212,117,208.01
Loans Federally Insured or Guaranteed....	59,244,428.72
Banking Houses.....	2,668,419.54
Stock in Bank Building Company.....	6,000,000.00
Furniture and Fixtures.....	1,595,734.86
Stock in Federal Reserve Bank.....	789,000.00
Other Resources.....	489,460.63
Total Resources.....	\$557,998,096.77

LIABILITIES	
Capital.....	12,875,000.00
Surplus.....	14,875,000.00
Undivided Profits and Reserves.....	6,169,952.45
Loan Reserve Under Authority U. S. Treasury Mim. 6209.....	33,919,952.45
Government and Public Fund Accounts....	4,916,260.18
Demand Deposits.....	67,927,907.63
Time Deposits.....	254,140,935.98
Total Deposits.....	187,705,890.23
Unearned Discount.....	509,774,733.84
Reserve for Taxes, Interest, Etc.....	4,589,417.02
Other Liabilities.....	4,046,050.18
Total Liabilities.....	751,683.10
	\$557,998,096.77

(Included are Inter-Bank Deposits Totalling \$1,197,520.81)

Members Federal Deposit Insurance Corporation

FIRST SECURITY BANKS

Headquarters: Salt Lake City, Utah

First Security Bank of Utah, N. A., Salt Lake City, Utah
First Security Bank of Idaho, N. A., Boise, Idaho
First Security Bank of Rock Springs, Wyoming
Union Bank & Trust Co., Salt Lake City, Utah



Statement of Condition

As of December 31, 1958

Assets

Cash on Hand and Due from Banks . . .	\$133,464,634.21
United States Government Securities . . .	122,805,307.70
State and Municipal Securities	39,519,392.60
Other Securities	20,545,128.54
Loans and Discounts (Less Reserve) . . .	293,481,257.88
Customers' Liability Under	
Letters of Credit and Acceptances . . .	17,369,806.29
Bank Premises	7,171,543.50
Other Real Estate	369,327.85
Accrued Interest	2,088,028.39
Other Assets	810,095.48
	<u>\$637,624,522.44</u>

Securities carried at \$104,971,284.90 in the above Statement are pledged to qualify for fiduciary powers, and for other purposes as required by law.

Liabilities

Deposits:	
Demand	\$352,372,595.55
Time	159,971,757.79
U. S. Government	18,836,575.84
Other Public	42,675,944.42
	<u>\$573,856,873.60</u>
Accrued Taxes, Interest, Etc.	2,646,253.45
Dividends Declared	449,627.50
Interest Collected Not Earned	2,230,779.62
Letters of Credit, Acceptances and	
Acceptances Sold With Our	
Endorsement	17,372,123.15
Capital Funds:	
Capital	\$12,846,500.00
Surplus	20,153,500.00
Undivided Profits	8,068,865.12
	<u>41,068,865.12</u>
	<u>7,624,522.44</u>

THE BANK OF CALIFORNIA

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more onerous terms and from the central bank, with additional spurs to the inflation process. The Frenchman is notorious for his aversion to direct taxation, as witness the Poujadist movement of small shopkeepers a few years ago. In 1956, as one of the steps to find money for the new old-age pensions, the government resorted to a 2% levy on the reserves of corporations—a capital levy.

Index-Tied Bonds

In its efforts to attract buyers for its bonds the government has resorted to index-tied issues, notably in the cases of the two Pinay loans of 1952 and 1958, with their gold-price clauses. These issues have been very successful. Other governmental and private bond issues have employed the index device in a variety of forms. Moreover, commodity and service price controls have been widely employed in the Sisyphean task of stabilizing the cost of living, including rents and wages. What this tremendous task costs the nation in terms of economic waste is anyone's guess.

In 1956 France was reported to be spending 70-billion francs a year to keep consumer prices under control. This sum did not include the payroll for officials, but rather the budgetary cost of tax exemptions, food subsidies, the sale of gas at low prices, the removal of import duties on meat, eggs, vegetables, potatoes, etc.

The variety of controls and the minutiae of official interferences in the economic process make French life today seem complicated, indeed, to an outsider, as some examples will make clear.

A decree published in the *Journal Officiel* last March tied rents for buildings used for commercial, industrial, or handicraft purposes to the index of 250 consumer articles instead of that of 213 such articles previously used. To link the two indexes a coefficient of 1.4793 was applied. Likewise, by this decree, all public and private contracts bearing an index clause are carried out on the basis of the 250-commodity index. For joining the old and new series different coefficients apply to the old and new index series for foodstuffs, light and heat, manufactures, and services, respectively.

Determining which index number

(CONTINUED ON PAGE 156)

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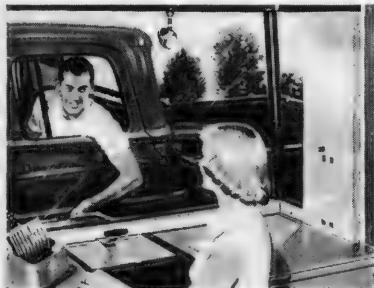
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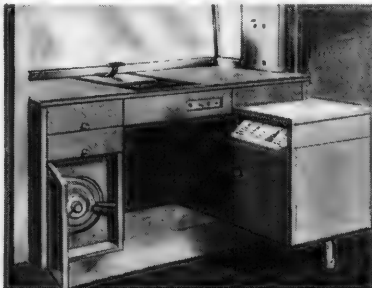
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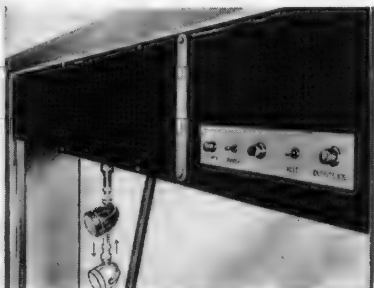
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(CONTINUED FROM PAGE 154)

gives the best measure of the declining purchasing power of the franc gives rise to long arguments in France; and it is reported some juggling of the indexes has taken place. Thus, by substituting in the index the price of one kind of wine for that of another, it is claimed inflation has been concealed. An article in *Le Monde* in March 1958 challenged the validity of the index of 179 commodity prices at retail to which the guaranteed minimum wage was tied.

In France, as elsewhere, farmers have a powerful political voice and farming plays an important role in the economy and cost of living. Controls, therefore, are exercised over farm rents and agricultural prices. Indeed, control over prices of industrial products and over wages in industry to an important degree is motivated by the desire to placate the farmer.

Last May the French government raised guaranteed minimum farm prices by 3% above the 1956-57 level, in view of the increase in minimum agricultural wages and

the rise in the price index of products consumed by farmers.

Both the price of wheat and that of bread—vital elements in the French cost of living—are controlled by the government. While on the one hand wages are linked to the cost of living, the price of wheat, although itself a component of the cost of living, is in turn based on indexes of living costs, materials' prices, and wages. The price of wheat is a pilot price, directly and indirectly influencing the price pattern of farm products as a whole. And the average national wheat price, as published in the *Journal Officiel*, is an important element in the determination of farm rentals.

General DeGaulle's program of political and economic stabilization involves stricter government controls over the economy. Suggestive of the problems the General faced in suppressing inflation last July was the refusal of the farm organizations to accept the DeGaulle proposals for limiting food price increases. Instead the farmers insisted that, in accordance with previous governmental promises, the price of wheat be raised by 12%. The new government sought to limit the increase for wheat to 5%. In its effort to bring the general price level down, the government appealed to producers to cut prices voluntarily by from 2% to 5%.

In a compromise between wheat farmers and the government in July, the price of wheat was raised by 7%; and at the same time the prices of barley and corn were

(CONTINUED ON PAGE 158)

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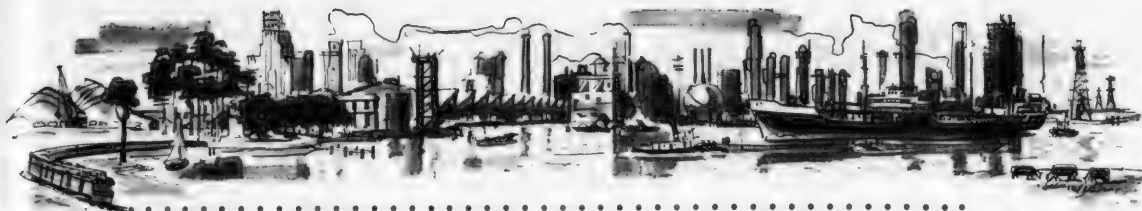
Imperial desk company
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"Maybe you're not underpaid, Jones, old boy! Maybe you're overdeducted!"



JBK



STATEMENT OF CONDITION

Condensed Statement of Condition as of December 31, 1958

RESOURCES:

Cash and Due from Banks		\$287,684,301.93
U. S. Government Bonds	\$195,230,239.00	
Municipal Bonds and Warrants	18,362,034.71	
Federal Reserve Bank Stock	1,500,000.00	
Other Investments	4,017,887.91	219,110,161.62
Loans and Discounts		244,899,055.47
Bank Premises	13,642,500.00	
Furniture and Fixtures	1.00	
Other Real Estate	25.00	13,642,526.00
Interest on Securities and Other		
Income Earned—Not Collected		2,258,131.11
Customers' Liability on Letters of Credit		1,522,778.32
TOTAL RESOURCES		\$769,116,954.45

LIABILITIES:

Capital Stock	\$ 25,000,000.00
Surplus	25,000,000.00
Undivided Profits	4,558,557.98
TOTAL CAPITAL ACCOUNT	\$ 54,558,557.98
Reserve Accounts	5,004,606.56
Liability on Letters of Credit	1,522,778.32
DEPOSITS:	
Individual	\$519,602,524.28
Banks	178,231,513.76
Government	10,196,973.55
TOTAL LIABILITIES	\$769,116,954.45



**FIRST CITY
NATIONAL BANK
OF HOUSTON**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of December 31, 1958

RESOURCES

Cash and Due from Banks.....	\$ 85,446,002.15
United States Bonds.....	114,014,219.90
State and Municipal Bonds.....	8,707,963.83
Other Bonds and Securities.....	4,672,376.53
Loans and Discounts.....	154,279,376.41
Banking Premises Owned.....	4,097,693.14
Customers' Liability Under Acceptances.....	6,418.50
Income Accrued Receivable and Prepaid Expense.....	1,447,750.48
Other Resources.....	701,380.51
TOTAL.....	\$373,373,181.45

LIABILITIES

Capital Stock (\$25.00 Par Value).....	\$ 11,875,000.00
Surplus.....	13,125,000.00
Undivided Profits.....	5,444,917.33

TOTAL CAPITAL FUNDS..... \$ 30,444,917.33

Reserve for Dividends, Interest, Taxes, etc.....	5,028,657.19
Liability Under Acceptances.....	6,418.50

DEPOSITS:

*Commercial, Bank and Savings.....	330,837,713.89
U. S. Government.....	6,987,865.72
Other Liabilities.....	67,608.82
TOTAL.....	\$373,373,181.45

*Includes \$6,195,139.40 of Trust Money on deposit in the Banking Department, which under the provisions of the Banking Law of the State of Ohio, Section 1107.12 is a preferred claim against the assets of the Bank.

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SANFORD M. BROOKS Exec. Vice Pres., The Tool Steel Gear & Pinion Co.	WILLIAM L. MCGRATH President, The Williamson Co.
CHARLES H. BURCHENAL President, The Cambridge Tile Mfg. Co.	WILLIAM H. MOONEY President, Cincinnati Development & Mfg. Co.
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(CONTINUED FROM PAGE 156)

raised 11% and 10%, respectively. The price of sugar beets, also an important commodity in France, is based on the price of wheat. While, therefore, the price of sugar has gone up with that of wheat, the retail price of bread is independently regulated.

A country gripped by inflation finds it harder to sell goods abroad and easier to buy imports. Hence import controls of one sort or another, or of various sorts at once, are imposed. This has been the case in France.

An illustration of the nature of this form of *dirigisme* was the drafting last September of new regulations governing imports of capital goods costing more than 1,000,000 francs per unit. Importers were required to supply evidence that the goods to be imported were essential and promised to improve the foreign trade balance. Moreover, importers were obliged to deliver such imports immediately to productive enterprises and not to inventory.

Although France has a shortage of housing that, according to the French National Statistics Institute, will last a century—since the construction of new dwellings is not keeping pace with the population growth and there is a constant migration from country to city—new building is being held down by credit restrictions. These owe their origin to the need to combat inflation, as a result of which residential construction has had to be financed by the central bank itself, an inflationary process.

Housing Aid

French state aid for housing—reported the *Neue Zürcher Zeitung* last year—takes the form of building premiums of 600 francs per square meter in the case of ordinary apartments and 1,000 francs in the case of those built under the social homebuilding plan. The premiums serve to lower the cost of building credits granted by the Credit Foncier for five years, after which they are converted into long-term loans. The Credit Foncier lacking the necessary funds, the latter are mobilized by means of bills discounted by the banks. Mobilization bills over and above the amounts

(CONTINUED ON PAGE 160)

IRVING TRUST COMPANY

NEW YORK

STATEMENT OF CONDITION, DECEMBER 31, 1958

ASSETS

Cash and Due from Banks	\$ 516,649,115
Securities:	
U. S. Government Securities	493,207,496
Securities Issued or Underwritten by U. S. Government Agencies	31,163,893
Stock in Federal Reserve Bank	3,240,000
Other Securities	16,431,133
	<u>544,042,522</u>
Loans:	
Loans Guaranteed or Insured by U. S. Government or its Agencies	28,387,908
Loans Secured by U. S. Government Securities	35,652,644
Other Loans	773,160,484
	<u>837,201,036</u>
Mortgages:	
U. S. Government Insured F.H.A. Mortgages	19,317,535
Conventional First Mortgages on Real Estate	363,521
	<u>19,681,056</u>
Banking Houses	16,743,429
Customers' Liability for Acceptances Outstanding	48,736,783
Accrued Interest and Other Assets	8,176,282
Total Assets	<u>\$1,991,230,223</u>

LIABILITIES

Deposits	\$1,774,870,208
Taxes and Other Expenses	15,059,912
Dividend Payable January 2, 1959	2,040,000
Acceptances: Less Amount in Portfolio	55,326,924
Other Liabilities	6,838,807
Total Liabilities	<u>1,854,135,851</u>

CAPITAL ACCOUNTS

Capital Stock (5,100,000 shares—\$10 par)	51,000,000
Surplus	57,000,000
Undivided Profits	29,094,372
Total Capital Accounts	<u>137,094,372</u>
Total Liabilities and Capital Accounts	<u>\$1,991,230,223</u>

U. S. Government Securities pledged to secure deposits of public monies and for other purposes required by law amounted to \$94,139,518.

DIRECTORS

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GEORGE A. MURPHY
President

HENRY P. BRISTOL
*Chairman, Executive Committee,
Bristol-Myers Company*

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*President,
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E. E. STEWART
*President and Chairman of the Board,
National Dairy Products Corporation*

FRANCIS L. WHITMARSH
*President,
Francis H. Leggett & Company*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 158)

allocated to the banks are taken up by the central bank. (On September 30, 1957, of 746-billion francs of mobilization bills created in respect of housing credits, 674-billion were in the portfolio of the Bank of France.)

We have already mentioned French resort to "indexed" bonds, such as the two Pinay loans, as devices to attract inflation-wary investors. In addition, other methods have been applied to the same end. While France is not the only country to

have used such novel financial devices during the postwar years, it probably has relied upon them more extensively than any other. It is not without parenthetical interest in this connection to read that a former New York bank officer, John E. Rovensky, has proposed that the Treasury issue "2% tax-free income consols," with interest to be adjusted annually to reflect changes in the BLS cost-of-living index.

How France has employed this idea in its security offerings during recent years may be seen in the following example. The return to

the investor, including repayment of principal, being in part based on such criteria as the price of gold on the free market in Paris, prices of specific commodities or services, industrial turnover, industrial production, and the like.

Electricité de France, a government corporation, was the first French issuer of securities carrying a purchasing-power guaranty in terms of the product sold by the issuer. In October 1952 it offered bonds with a par value of 16,000 francs, the annual interest on which was fixed as the equivalent of the average selling price of 100 kilowatt hours in the preceding year or 720 francs, whichever should be the greater. The bonds were made redeemable between 1958 and 1968 at the greater of either the average price of 2,000 kilowatt hours of electricity or 16,000 francs. For this purpose the electricity price was determined by dividing the company's total revenue by the number of kilowatt hours of electricity sold.

The Electricité issue was very successful and was followed by similar ones for coal, railways, and gas, as well as other electricity issues. As a measure of their popularity, in April 1955 the yield on securities of public industrial enterprises with a purchasing power clause was 3.72%, while the yield on issues of the same enterprises not carrying such a clause was 5.95%.

How inflation affected the prices of securities may be seen from the following figures. It will be noted

(CONTINUED ON PAGE 162)

46th Annual Statement of Condition CITY NATIONAL BANK & TRUST COMPANY

10th & Grand • Kansas City 41, Missouri

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RESOURCES

	December 31, 1958	December 31, 1957
Cash and Due from Banks	72,477,581	78,792,074
Bonds		
U. S. Government Bonds	64,376,669	45,504,810
U. S. Government Instrumentalities, State, County, and Municipal Bonds	10,616,754	14,381,559
Corporation Bonds	0	100,000
	74,993,423	59,986,369
Federal Reserve Bank Stock	450,000	390,000
Loans and Obligations which are fully backed or insured by agencies of the U. S. Government	3,040,315	2,844,529
All Other Loans and Discounts	97,205,131	96,225,818
	100,245,446	99,070,347
City National Bank Building*	2,923,469	519,430
Furniture and Fixtures	1	1
Customers Liability Account of Letters of Credit	104,801	116,438
Customers Liability on Acceptances Outstanding	12,144	67,830
Accrued Interest Receivable	866,902	643,882
Other Assets	103,215	136,299
TOTAL RESOURCES	252,176,982	239,722,670

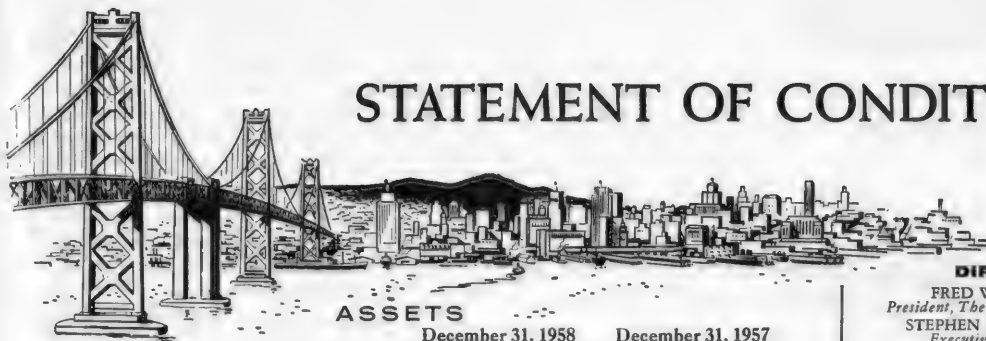
*This account was increased by the purchase of the R. A. Long Building on December 1, 1958.

LIABILITIES

	December 31, 1958	December 31, 1957
Capital Stock		
(Paid In)	400,000	400,000
(Earned)	4,600,000	4,600,000
Total Capital	5,000,000	5,000,000
Surplus (Earned)	10,000,000	8,000,000
Undivided Profits and Reserves (Earned)	4,870,438	4,138,560
Invested Capital	19,870,438	17,138,560
Reserves for Interest and Taxes	1,945,912	1,467,023
Dividends Declared but not Paid	80,000	80,000
Unearned Interest	1,306,703	1,115,285
Our Liability Account of Letters of Credit Issued	104,801	116,438
Our Liability on Acceptances	12,144	67,830
Deposits	228,856,984	219,737,534
TOTAL LIABILITIES	252,176,982	239,722,670



"I don't care what your teacher says—we are not selling dollars for 47 cents!"



STATEMENT OF CONDITION

ASSETS

	December 31, 1958	December 31, 1957
CASH AND SECURITIES		
Cash and Due from Banks	\$ 282,891,710.09	\$ 269,557,091.36
United States Government Securities	448,192,558.25	325,086,020.14
State and Municipal Securities	89,489,758.68	86,266,781.55
Other Bonds and Securities	8,701,826.36	11,023,897.97
TOTAL	\$ 829,275,853.38	\$ 691,933,791.02
LOANS		
Commercial Loans	\$ 359,986,029.03	\$ 380,828,695.39
Real Estate Loans	313,394,231.25	269,535,036.14
Automobile Installment Loans	85,676,075.48	93,605,184.48
Personal and Improvement Loans	69,390,508.22	62,507,311.94
	\$ 828,446,843.98	\$ 806,476,227.95
Less: Reserve for Possible Loan Losses	13,543,812.63	11,488,738.92
TOTAL	\$ 814,903,031.35	\$ 794,987,489.03
OTHER ASSETS		
Accrued Income Receivable	\$ 7,553,224.81	\$ 5,646,191.95
Stock in Federal Reserve Bank	3,025,000.00	2,490,000.00
Bank Premises and Equipment	19,027,825.43	17,794,506.24
Other Real Estate Owned	24,915.38	20,278.45
Customers' Liability under Letters of Credit and Acceptances	15,841,444.18	13,362,683.72
Other Assets	2,263,892.81	1,139,166.28
TOTAL	\$ 47,736,302.61	\$ 40,452,826.64
TOTAL ASSETS	\$1,691,915,187.34	\$1,527,374,106.69

LIABILITIES

DEPOSITS		
Demand Deposits	\$ 756,334,459.96	\$ 696,433,735.61
Time Deposits	617,139,461.16	551,557,959.29
United States Government Deposits	29,656,384.27	31,664,232.11
Other Public Deposits	123,858,864.20	109,221,909.16
TOTAL	\$1,526,989,169.59	\$1,388,877,836.17
OTHER LIABILITIES		
Dividends Payable	\$ 1,512,487.50	\$ 1,209,990.00
Income Collected in Advance	13,194,752.59	12,535,047.18
Letters of Credit and Acceptances	15,841,444.18	13,398,389.72
Accrued Interest, Taxes, Other Expense	16,543,937.95	7,275,053.18
TOTAL	\$ 47,092,622.22	\$ 34,418,480.08
CAPITAL ACCOUNTS		
Capital Stock	\$ 50,416,250.00	\$ 40,333,000.00
Surplus	50,416,250.00	42,667,000.00
Undivided Profits	17,000,895.53	21,077,790.44
TOTAL	\$ 117,833,395.53	\$ 104,077,790.44
TOTAL LIABILITIES	\$1,691,915,187.34	\$1,527,374,106.69



California's Oldest National Bank

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

On December 31, 1958, securities carried at \$246,732,818.32 were pledged to secure trust deposits, United States Government and other public deposits, as required by law. On December 31, 1957, securities so pledged amounted to \$224,213,571.14.

ADMINISTRATIVE HEADQUARTERS

1 MONTGOMERY STREET, SAN FRANCISCO 20

75 Offices Throughout Northern and Central California

DIRECTORS

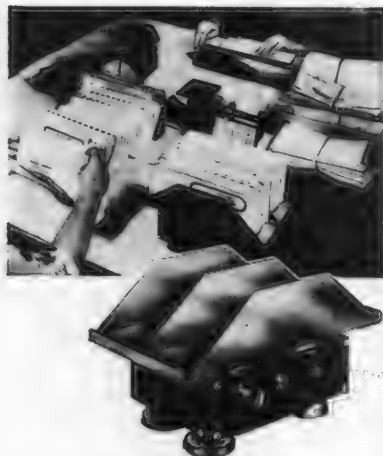
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STEPHEN D. BECHTEL, JR.,
Executive Vice President,
Bechtel Corporation
OTHMAR BERRY,
President, Berry Oil Company
CLYDE H. BRAND,
Downey, Brand, Seymour & Robwer, Attorneys
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President, Matson Navigation Company
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(CONTINUED FROM PAGE 160)

that, while bonds of the traditional kind with straight interest and redemption features declined in market value, those tied to an index of the price of gold coins or of commodities or services appreciated. The figures in the table are based on 1949 = 100.

	12-31-55	10-31-57
Rente perpetuelles (consols)	124.2	104.6
Loans of public enterprises	123.7	106.3
Private loans	121.1	105.7
Public index loans	206.7	251.1

(SOURCE: *Neue Zürcher Zeitung*, 11-7-57.)

Despite the inflation which has plagued France repeatedly and indeed almost constantly since the war, there are still French people who save: "Aunt Suzannes" who from lifetime habit regularly put part of their income in the savings bank or less secure places. The writer has heard of an American lady who was taken into a French home as an overnight guest in 1957. The mattress felt rather lumpy. On investigation, the visitor found that it had been stuffed with paper franc notes, thus exhibiting on the householder's part a surprising confidence in a sick currency.

According to the National Credit Council, 437-billion francs of new savings were made in 1957 in readily mobilizable form—savings accounts, treasury bonds, and time deposits. But the newspaper, *Le Monde*, called this partly illusory, stating that the increase in time deposits merely represented a transfer from sight deposits. None the less, current savings by thrifty Frenchmen during an era of inflation must be sizable. In 1958, through August, savings deposits increased by 162-billion francs to 2,086-billion.

A Government-imposed ceiling limits the amount an individual in France may have in a savings deposit account to 1,000,000 francs. This ceiling appears to have its origin in the traditional regard of savings banks as having been designed for the person of small or moderate means. It does not seem to make much sense from the standpoint of the authorities perpetually combatting inflationary forces. But on the other hand savings banking in France seems to be destined in the long run to yield to the com-

paratively greater attraction of indexed bonds.

Under a 1948 law, owners of balances illegally held abroad were permitted to repatriate them subject to no other penalty than a special levy of 25%. The opportunity, however, was not seized by the capitalists in question. Therefore, in an effort to get some of those assets back to France, the government suspended for an indefinite period the 25% penalty on the sole condition that the owners sell their foreign exchange on the official exchange market, or have their balances sent to France in the form of gold to be sold on the Paris gold market.

As another step in helping "re-store confidence in the franc," the government late in 1957 ordered all French banks to surrender 30% of their dollars held abroad as a forced loan on which they would receive 3% interest.

Whatever anti-inflation program is undertaken in France, the difficulties it will encounter are described thus by ex-Premier and ex-Finance Minister Mendes-France: "All Frenchmen condemn inflation. But they have tolerated it so long that one may wonder whether, in their heart of hearts, they have really disapproved of it, and whether they are not under dangerous illusions as to its effects. Since 1914, the economists, the parties in power, indeed the whole country have been struck by the surprising convenience of inflation, considered as a method of financing. Does it not allow, at least for a time, considerable expenditures to be made, whether military or civilian, current expenditures as well as investments, and all this without incurring the inevitable reaction of the taxpayer? . . . Even if inflation has obvious disadvantages, a large part of the population believes it can escape them: the workers by a rise in wages, business leaders by an increase in their nominal margin of profit, capitalists by a *de facto* or *de jure* adjustment of their holdings on a sliding scale."

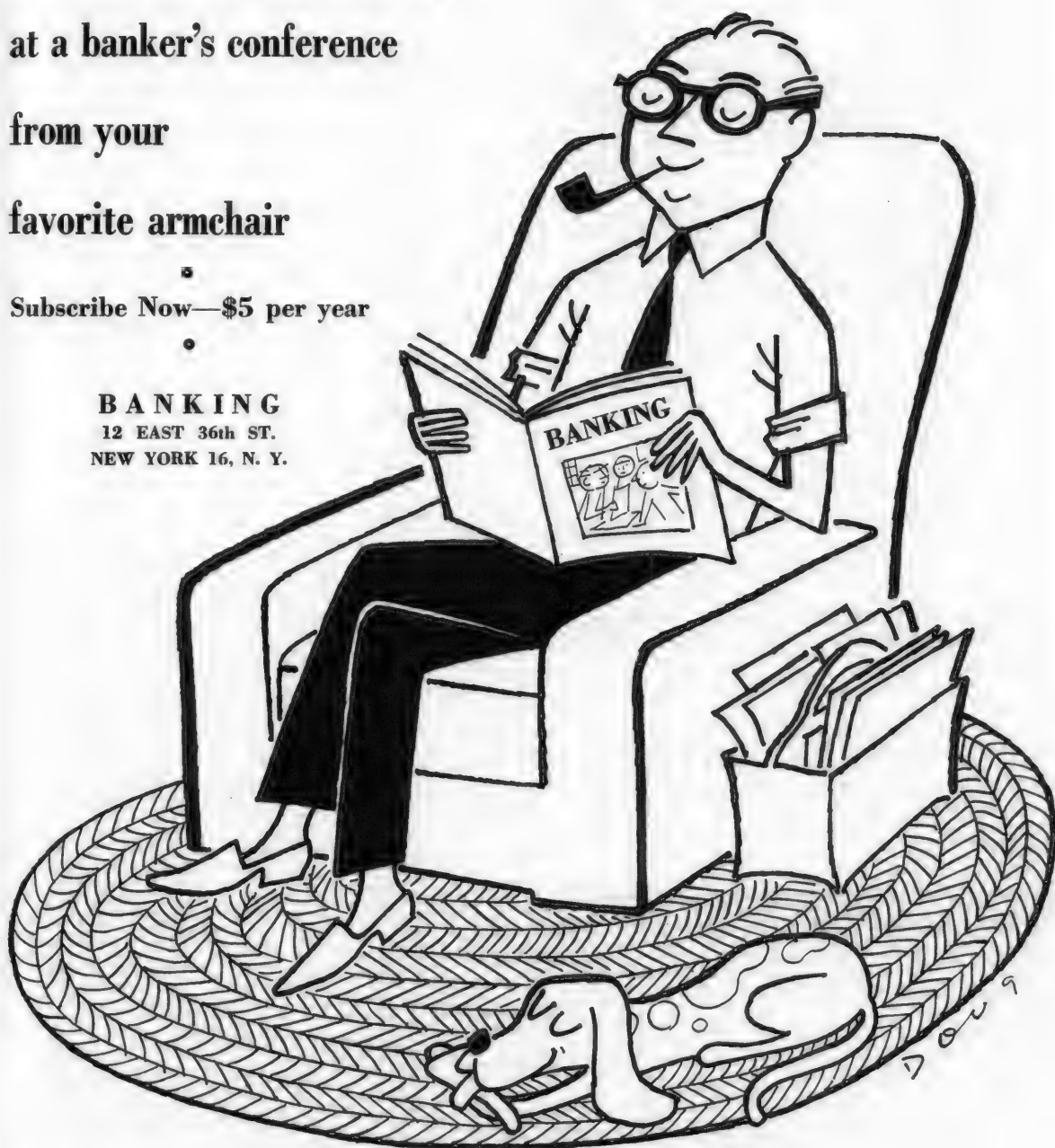
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Failures by Division of Industry

The figures below are a compilation by Dun & Bradstreet, Inc., New York.

By number and line 1956 1957 1958

Mining and Manufacturing

Mining—coal, oil, misc.....	42	75	86
Food & kindred products.....	188	183	189
Textile mill prods. & apparel.....	537	500	493
Lumber & lumber products.....	401	504	530
Paper, printing & publishing.....	123	136	181
Chemicals & allied products.....	61	56	66
Leather & leather products.....	84	77	100
Stone, clay & glass products.....	33	56	62
Iron, steel & products.....	139	113	177
Machinery.....	259	254	294
Transportation equipment.....	64	76	80
Miscellaneous.....	354	381	422

TOTAL MINING & MANUFACTURING..... 2,285 2,411 2,680

Wholesale Trade

Food & farm products.....	300	283	330
Apparel.....	49	43	62
Dry goods.....	47	34	46
Lumber, bldg. materials, hdwe.....	147	154	175
Chemicals & drugs.....	45	45	50
Motor vehicles & auto equipment.....	66	72	67
Miscellaneous.....	553	605	701

TOTAL WHOLESALE TRADE..... 1,207 1,236 1,431

Retail Trade

Food & liquor.....	1,102	1,096	1,127
General merchandise.....	274	265	291
Apparel & accessories.....	1,161	1,122	1,140
Furniture, home furnishings.....	793	1,004	1,041
Lumber, bldg. materials, hdwe.....	380	469	504
Automotive group.....	727	885	1,101
Eating & drinking places.....	1,149	1,279	1,436
Drug stores.....	165	162	165
Miscellaneous.....	590	613	709

TOTAL RETAIL TRADE..... 6,341 6,895 7,514

Construction

General building contractors.....	708	805	872
Building subcontractors.....	1,030	1,175	1,169
Other contractors.....	96	125	121

TOTAL CONSTRUCTION..... 1,834 2,105 2,162

Commercial Service

Passenger & freight transportation.....	295	367	398
Miscellaneous public services.....	34	48	43
Hotels.....	65	59	76
Cleaning, dyeing & repairing.....	99	112	121
Laundries.....	53	39	41
Undertakers.....	8	7	6
Other personal services.....	82	64	71
Business & repair services.....	383	396	421

TOTAL COMMERCIAL SERVICE..... 1,019 1,092 1,177

Total United States..... 12,686 13,739 14,964

Not every concern that goes out of business is a failure. Most of the withdrawals from business are due to changes in ownership, and voluntary liquidations in which there is no indication of loss to creditors. Withdrawals may actually be profitable liquidations although the majority involve some loss to personal capital.

BUSINESS FAILURES include those businesses that ceased operations following assignment or bankruptcy; ceased with loss to creditors after such actions as execution, foreclosure, or attachment; voluntarily withdrew leaving unpaid obligations; were involved in court actions such as receivership, reorganization, or arrangement; or voluntarily compromised with creditors out of court.

Good Year Ahead

(CONTINUED FROM PAGE 39)

Net profits of Federal Reserve member banks after taxes showed somewhat more fluctuation. Net profits do not always move in the same direction as net current earnings, as revealed in the table on page 39 from the *Federal Reserve Bulletin*.

In gauging the future of bank earnings and profits, a quick look backward over a period of many years suggests that only a major business decline or prolonged depression will seriously reduce bank earnings and profits. The September 1958 *Federal Reserve Chart Book on Financial and Business Statistics—Historical Supplement* (pp. 32-33) gives a graphic record since 1919. Following the depression of the 1930s, with its severe consequences for the banking system, net profits of member banks commenced a long-term climb from the neighborhood of \$300,000,000 to the level shown in the table (p. 39). The climb, of course, was not uninterrupted. Total current earnings and total current expenses, however, record uninterrupted growth since the great depression and particularly since 1940. Net losses or recoveries show wide fluctuation during the same period.

In short, the outlook for banking in 1959 is quite favorable, and only a business setback or other unpredictable adverse development could alter the present trend.

All human beings are born helpless, and as time goes on some help less than others.

The trick of making women beautiful is done with the help of mirrors.

Some people who laugh out loud at the family album look in the mirror and never crack a smile.

No one is unemployed who minds his own business.

Little things count, and three of them give you an \$1,800 tax exemption.

A person gets into trouble if he thinks success depends on how many he can do instead of how much.



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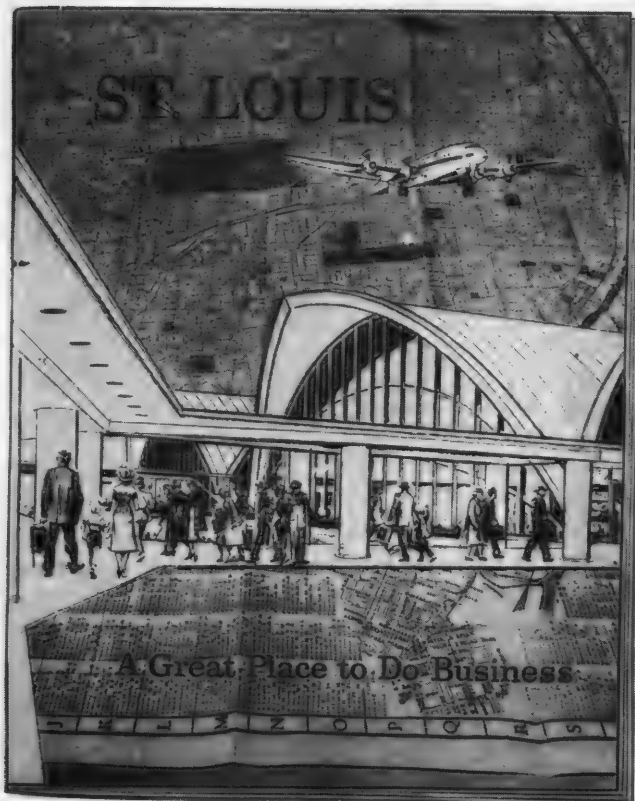
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STATEMENT OF CONDITION, DECEMBER 31, 1958

RESOURCES

Cash and Due from Banks . . .	\$185,698,502.01
U. S. Government Securities . . .	146,354,883.93
Loans and Discounts . . .	227,742,959.34
Loans Wholly or Partially Guaranteed by U. S. Government	50,712,708.03
Other Bonds and Stocks . . .	26,470,017.43
Stock in Federal Reserve Bank . . .	1,200,000.00
Furniture and Fixtures . . .	685,346.40
United Bank Building . . .	367,991.93
Customers' Liability, Letters of Credit, Acceptances, etc. . . .	674,653.30
Accrued Interest Receivable . . .	2,232,392.37
Other Resources . . .	387,484.03
	<u>\$642,526,938.77</u>

LIABILITIES

Capital Stock . . .	\$15,400,000.00
Surplus . . .	24,600,000.00
Undivided Profits . . .	9,163,771.36
Total Capital Accounts	<u>\$ 49,163,771.36</u>
Reserve for Taxes, Interest, etc. . . .	3,753,503.44
Unearned Discount . . .	1,344,414.00
Liability, Letters of Credit, Acceptances, etc. . . .	688,699.29
Other Liabilities . . .	353,346.83
Demand Deposits . . .	\$497,108,167.53
Time Deposits . . .	74,390,917.22
U. S. Government Deposits	15,724,119.10
Total Deposits . . .	<u>587,223,203.85</u>
	<u>\$642,526,938.77</u>

Savings and Mortgage

(CONTINUED FROM PAGE 106)

Tuesday, March 3, 10 A.M.

Presiding, President Lundborg.

"Methods Analysis—a Vital Tool for Management" by John B. Van Haelen, Office Methods Analysts, Inc. (management consultants), Packanack Lake, N. J.

"What Bankers Need to Know about Credit Unions" by Dr. Rudolph Modley, management consultant; editor, "Report on Credit Unions," Kent, Conn.

"Savings Promotion Ideas that Work" by Ralph F. Bagwell, member, Committee on Savings and Mortgage Development, Savings and Mortgage Division, A.B.A.; vice-president, The Bank of Virginia, Richmond.

2 P.M.

Presiding, Louis S. Finger, vice-president, Savings and Mortgage Division, A.B.A.; president, Andover (Mass.) Savings Bank.

"The Role of Government in Housing" by the Honorable John Sparkman, United States Senator from Alabama, Washington, D. C.

"Opportunities and Problems Ahead for Banks in the Mortgage Field" by V. R. Steffensen, member, Committee on Real Estate Mortgages, Savings and Mortgage Division, A.B.A.; senior vice-president, First Security Bank of Utah N.A., Salt Lake City.

"The Mortgage Officer's Role in Federal Legislation" by Ben C. Corlett, senior vice-president, A.B.A., Washington, D. C.

Wednesday, March 4, 10 A.M.

Presiding, Vice-President Finger.

"Let's Look Ahead" by Walter E. Hoadley, Jr., treasurer, Armstrong Cork Company, Lancaster, Pa.

"The Housing Market" by Miles L. Colean, economist, Washington, D. C.

"Housing without Inflation" by Dr. Kurt F. Flexner, who was recently appointed to the Savings and Mortgage Division, A.B.A., New York.

Luncheon Session

12:30 P.M.

Presiding, President Lundborg.

"What Is Fair Competition?" by Peter Campbell Brown, member, Manning, Hollinger & Shea, New York.

THREE BANKS FORCED TO CLOSE By Under-Insured Embezzlements; Seven Others Badly Hurt

During 1958 three banks were forced to close because of inadequate fidelity insurance.

Seven other banks sustained embezzlement losses that *exceeded* their basic blanket bond protection by a total of \$1,165,184.

In each of these cases, a prior expenditure of around four or five hundred dollars would have enabled the victimized bank to recover every penny of its loss.

No matter how slight you feel the chances are of your bank having an embezzlement loss substantially in excess of your present blanket bond protection, don't you agree it would be imprudent to take that risk when complete security can be had so cheaply?

Profit by the experiences of the banks referred to above. Call the F&D representative in your community today and ask him to give you complete information about the new Excess Bank Employee Dishonesty Blanket Bond. Or, if you don't know his name, write direct to our Bank Bond Division in Baltimore.



**FIDELITY AND DEPOSIT
COMPANY**

BALTIMORE, MARYLAND

BONDING AND INSURANCE

Drive-In Success

(CONTINUED FROM PAGE 56)

there is far more success than failure in making motor banking work on a profitable basis.

The number of banks reporting a high percentage of trucks using drive-in facilities suggests a potential of business traffic to which the availability of drive-in service might be a deciding factor.

The time of day during which a peak load occurs is largely governed

by the type of business within that trade area—plus the services that may be rendered—and so it is true for every day of the week. The calendar still governs much of banking's traffic. The housewife has her shopping days, business its payrolls, and there is a seasonal requirement for everything. Monday hits a peak just lightly over-shadowed by Friday, and activity in between has its ups and downs.

Query No. 17 gives an interesting sidelight on drive-in banking beyond normal business hours. Some 221

banks have elected special service for the late-comer after regular business hours, or a special accommodation for certain types of business they wish to attract. Smaller banks add to this score because of the type of community they serve or because of a competitive situation.

The key to the whole proposition of profitably serving the drive-in traffic may depend upon the extent of services available. The score, according to answers to our Question No. 18, indicates most service is limited to deposits and check cashing. Loan payments are a close third, since this can be a fast coupon transaction. The prearranged payroll volume suggests an attractive convenience for valued customers who might otherwise be forced to wait in line on peak load days. Opening new accounts and the rental of safe deposit boxes rate a high score. This activity is largely offered by the smaller community banks. There are also many courtesy services offered by banks.

Time limit on transactions is another key to profitable operation. Amount of traffic dictates speed. When you consider the basic performance of drive-in operation as a fast convenience for someone in a hurry, a time limit is important for the customer and the teller.

Daily volume serviced through drive-in facilities was reported by 1,000 banks. The score hits a high of 75% and sinks to a low of 1%. The average, however, is the best indication of lively activity. The bank or branch ideally situated or primarily designed to service moving traffic has a wide edge on this percentage scoreboard. Yet many others have overcome all kinds of handicaps to win profits on this.

There is no more convincing evidence than the 1,012 banks reporting that drive-in services have contributed to a growth in new business, and the 819 banks voting that it has led to a growth in existing types of business. These groups bear out the strong conviction that drive-in banking has great potential.

A list of all banks contributing to this survey is yours for the asking. Just write BANKING. Perhaps a nearby contact can give you tips on making your operation more profitable.



CONDENSED STATEMENT OF CONDITION, DECEMBER 31, 1958

ASSETS

Cash on Hand and in Banks	\$ 222,390,793.22
United States Government Securities	333,880,685.90
State, Municipal and Other Securities	103,668,967.41
Stock of the Federal Reserve Bank	3,000,000.00
Loans and Discounts	798,071,371.71
Bank Premises	3,864,082.76
Other Real Estate	1.00
Other Assets	6,090,798.45
	\$1,470,966,700.45

LIABILITIES

Capital Stock	\$ 20,000,000.00
Surplus	80,000,000.00
Undivided Profits	7,206,368.08
	Capital Funds \$ 107,206,368.08

DEPOSITS

Commercial and Savings	\$1,302,194,333.35
Estates and Corporate Trust	46,061,560.75
	Total Deposits 1,348,255,894.10
Accrued Taxes, Interest, etc.	12,559,808.63
Other Liabilities	2,944,629.64
	\$1,470,966,700.45

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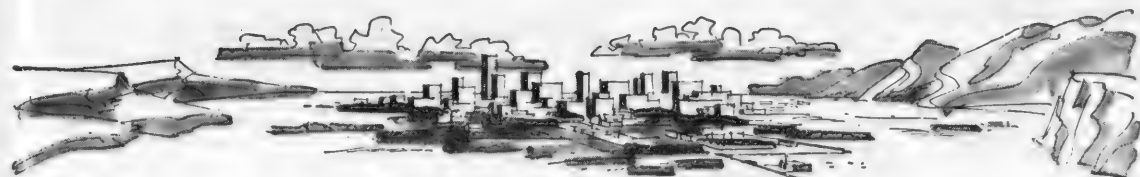
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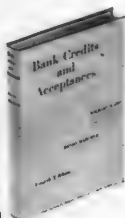
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New Books

COMMERCIAL BANKING'S POSITION IN AMERICA'S FINANCIAL SYSTEM. Association of Reserve City Bankers, Chicago. 22 pp. This study by the marketing section of the association's Public Relations Commission was made "to help all banks see more clearly the trends of our business." Extensive data covering the broad categories of the financial system are reported in charts and pointed up in text. Summarizing: "We have aggressive competition in all markets—business, agriculture, and consumer. We face adverse public attitudes that must be countered, if we are going to get people to use more of our services. But, we have a great opportunity to serve more people, particularly more of the 'middle millions' that are so rapidly climbing the income ladder." In a foreword, Morris R. Brownell, Jr., Commission chairman, and Bradford A. Warner, chairman of the section, express the belief that this is the first time much of the material has been presented in a marketing framework.

INSTALMENT CREDIT COMPUTATIONS FOR YIELDS, CHARGES, REBATES, AND EARNINGS. By *Nathan A. Batchker*. Bankers Publishing Company, Boston. 60 pp. \$5. A manual for the guidance of commercial banks' consumer credit departments, instalment firms, and finance companies. It includes formulas covering instalment transactions, conversion procedures, methods for accrual of earnings, rebates for prepayment, legal and lawful interest rates, a monthly accrual schedule for earnings, fraction and decimal charts for correct computation of rebates, a specimen annuity table. The author is vice-president of Commercial Bank of North America, New York.

A HISTORY OF THE UNITED NATIONS CHARTER. By *Ruth B. Russell* assisted by *Jeanette E. Muther*. The Brookings Institution, Washington, D. C. 1,140 pp. \$10. This book, based largely on State Department documents not previously made public, shows how the problems of postwar organization appeared to contemporary American leaders,

how they sought to meet the issues, and how they interpreted foreign governments' objectives. It also covers the Atlantic Charter and the international conferences that led to the United Nations.

BUSINESS FORECASTING. By *Elmer C. Bratt*. McGraw-Hill Book Company, New York. 366 pp. \$7.50. This guide to forecasting practices and achievements covers the major areas: growth of total industry and individual industries, short-term movements, company sales. Essential economic indicators are discussed.

THE EFFECT OF TAX POLICY ON EXECUTIVE AND WORKER COMPENSATION. Tax Institute, Inc., Princeton, N. J. 80 pp. \$5. The discussion at a one-day seminar on basic issues and policy recommendations.

INVESTING AND LICENSING CONDITIONS IN 32 LEADING MARKETS. 1958 edition. Business International, New York, N. Y. 72 pp. \$50. This analysis of regulations governing manufacturing and licensing in 32 foreign countries evaluates favorable and unfavorable conditions in each country. There are examples of regulation interpretation and the effect on companies doing business in the markets. General problems confronting American business abroad are also covered.

Other Books

NEW SHARES FOR OLD: THE BOSTON AND MAINE STOCK MODIFICATION. By *Robert L. Masson*. Harvard Business School, Boston. 398 pp. \$4.50.

PERMANENT PEACE: A CHECK AND BALANCE PLAN. By *Tom Slick*. Prentice-Hall, Englewood Cliffs, N. J. 181 pp. \$2.95.

THE ATOM AND THE ENERGY REVOLUTION. By *Norman Lansdell*. Philosophical Library, Inc., New York. 200 pp. \$6.

FOREIGN EXCHANGE CRISIS AND THE PLAN. Asia Publishing House, Bombay, India.

Leading the way...

ON LONG ISLAND

Statement of Condition

DECEMBER 31, 1958

RESOURCES

Cash and Due from Banks.....	\$23,502,023.78
U.S. Government Securities.....	48,883,757.43
Municipal Bonds.....	21,905,753.95
Other Securities.....	613,539.80
Mortgage Loans.....	27,356,131.15
Loans and Discounts.....	58,094,748.43
Bank Buildings and Equipment.....	1,937,474.70
Other Assets.....	1,181,621.41
	<u>\$183,475,050.65</u>

LIABILITIES

Deposits.....	\$167,498,467.74
Capital.....	\$4,589,080.00
Surplus.....	6,910,920.00
Undivided Profits.....	638,835.06
Total Capital Funds.....	12,138,835.06
Reserves.....	2,478,930.67
Other Liabilities.....	1,358,817.18
	<u>\$183,475,050.65</u>

RECORD OF GROWTH

Total Resources	Dec. 31	Capital, Surplus Undivided Profits
\$ 5,825,409.83	1949	\$ 492,121.99
6,489,239.65	1950	531,943.90
8,457,330.43	1951	652,917.68
18,464,906.30	1952	1,357,928.13
27,165,536.63	1953	1,804,518.42
44,648,697.85	1954	2,970,415.06
101,127,698.58	1955	6,860,340.23
106,849,819.51	1956	8,433,491.03
120,384,553.60	1957	8,919,738.13
183,475,050.65	December 31, 1958	12,138,835.06

SECURITY

NATIONAL BANK OF LONG ISLAND

MEMBER FEDERAL DEPOSIT INSURANCE CORP.

24 OFFICES ON LONG ISLAND

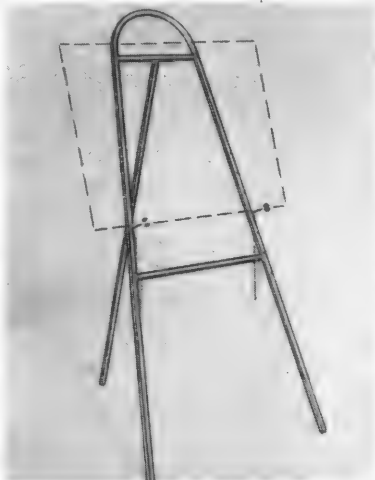
WHAT'S NEW

UP to 50 sheets of paper can be cut in one operation by Kutrimmer, a combination paper cutter and trimmer introduced by Michael Lith Sales Corporation of New York. The unique hand clamp insures precision cutting of photos, carbon paper, rubber, felt, linoleum, leather, fabrics, and thin soft metal. Available in three sizes: 14 $\frac{3}{8}$ ", 22", and 28". The 28" size also comes as a treadle-operated floor model complete with stand. Complete information and descriptive literature can be had by writing to 143 West 45th Street, New York 36.

RAPID handling and crediting of checks deposited by "lock-box" customers of banks will be one of the important uses for the "Copy Cart," a new recording camera just introduced by Peerless Photo Products, Inc. The new camera combines in a single portable unit a continuous-flow reducing camera and an automatic processor. No darkroom is needed, and no water supply is required. The unit is mounted on casters, is readily movable from place to place, has its working surface at desk-top level, and can be operated anywhere. Checks or other opaque originals up to 8 $\frac{1}{2}$ " wide

and of any length can be fed into the recorder and are reduced in copying to 70% of their original linear size. Address: Shoreham, New York.

A NEW featherweight display easel designed to hold lobby display cards of practically any size or shape and developed specifically for banks and other financial institutions, has just been announced by Metal Products Engineering of Los Angeles. The tripod-type frame is made of 1" heavy-duty aluminum tubing. Supporting legs terminate in welded



and formed aluminum plugs, designed with rounded edges that will not mar floors. Display cards as narrow as 16" are supported by two stainless steel pegs in the front legs. The unit is 5'3" high, and occupies a floor space 29" wide and 26" deep. 4002 Long Beach Ave., Los Angeles 54.

CONSISTING of a walnut panel set off against a black lacquer base, a new chart background named Execu-flex is as permanent as your office furniture. Changes and updating may be made in minutes with the kit and instructions supplied. The Execu-flex measures 28"x40". All



letters, numbers, and materials are pressure-sensitive and may be removed as easily as they are applied, yet will adhere as long as desired. A brochure may be had by writing to The Chartmakers, Inc., Dept. 54, 480 Lexington Avenue, New York 17.

A NEW low-cost, water-clear, rigid plastic passbook case is manufactured by Forbes Products Corp. The envelope has a heavy, specially processed stiff transparent vinyl front with soft vinyl back. Prices and sizes are available by writing the company at 625 S. Goodman Street, Rochester 20, N. Y.

BOOKLETS

AN illustrated 36-page booklet of bank and cashiers' supplies and equipment is available by sending postcard or letterhead requests to Block and Company, Inc., 350 West Ontario Street, Chicago 10, Ill.

SUPPLEMENTARY equipment designed to increase the efficiency of banking services is described in a 4-page brochure just published by the Mosler Safe Company, New York. The folder illustrates and describes bank equipment from record safes and tellers' buses to the latest in rust resisters for steel. Copies of the booklet are available without charge from the Mosler Safe Company, 320 Fifth Avenue, New York 1.





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Statement of Condition, December 31, 1958

ASSETS

Cash and Due from Banks	\$ 493,034,368
U. S. Government Obligations	438,806,691
State, Municipal and Other Securities.	59,719,518
Loans.	898,459,705
Banking Houses and Equipment	12,038,895
Customers' Liability on Acceptances Outstanding	44,682,190
Accrued Interest and Other Assets	10,970,589
	<u>\$1,957,711,956</u>

LIABILITIES

Deposits.	\$1,713,003,349
Acceptances.	\$47,465,539
In Portfolio	<u>871,779</u> 46,593,760
Reserves for Taxes, Expenses, etc.	19,533,090
Dividend Payable January 2, 1959	2,000,000
Other Liabilities	4,567,036
Capital (\$10 Par)	\$ 40,000,000
Surplus	100,000,000
Undivided Profits	<u>32,014,721</u> 172,014,721
	<u>\$1,957,711,956</u>

U. S. Government obligations and other securities carried at \$90,823,594
were pledged for various purposes as required by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

600,000 bank employees need this book

For Bank Leaders of the Future—

Your Career ... in Banking

- The Difference Between a Job and a Career
- The Profession of Banking
- Serving the People
- Helping Business Grow
- Serving Your Community
- In Government's Service
- Career Security
- The Career with the "Fringe" on Top
- The Value of Prestige
- Opportunities for Women
- Regular Advancement
- Making a Career out of a Job

American Bankers Association

"Your Career in Banking"

NO recent work on this subject is as complete, as informative, and as simply written as *Your Career in Banking*. Prepared under the direction of the editors of *BANKING* for the special guidance and interest of bank employees, each of the 12 *BANKING* articles serves as an inspirational stepping stone the staff member will tread in arriving at a better understanding

of the banking business—how it helps individuals, the community, Government, and the employee himself. It will help . . . perk up departmental job efficiency . . . turn ordinary job holders into career-minded staff members . . . give new and old employees alike a revised estimate of their importance when dealing with the public.

Buy it for every staff member.

6" x 9" . . . 24 pages . . . illustrated.

50¢ per copy

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12 EAST 36th St., NEW YORK 16, N. Y.

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HEELS



PNB people wear down a lot of leather serving correspondents—because serving correspondents is one of the things PNB concentrates on doing best.

In clearing transit items, for example, PNB puts extra pressure on, making funds available, regularly, a full day or more earlier than any other way. As your own comparison of date-stamps will indicate.

Why not try a PNB correspondent relationship for size? You'll see how well the shoe fits.

THE PHILADELPHIA NATIONAL BANK

Organized 1803

PHILADELPHIA 1, PA. Main Office • Market & Chestnut Streets

Member Federal Deposit Insurance Corporation

OFFICES IN
PHILADELPHIA,
BUCKS, DELAWARE
AND MONTGOMERY
COUNTIES

The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

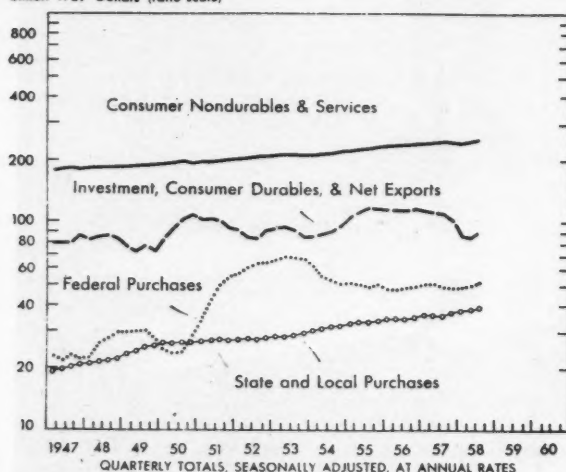
only in American economic strength but also in moral force."

GNP As an Indicator

There seems to be no question that the momentum of recovery will carry our gross national product to an all-time high this year. This interesting statistic is usually given in current dollars and without any reference to the rise in population.

The Office of Business Economics has just introduced "a new major economic indicator," the GNP in constant dollars by quarters. Here is the department's chart showing GNP in constant dollars broken down into components.

Billion 1957 Dollars (ratio scale)



Another way of presenting these figures provides an even more realistic picture of the national economy by taking into account the increasing population. Here are the per capita figures:

GROSS NATIONAL PRODUCT, ANNUAL RATE (in constant \$, per capita)

	GNP (billions of constant dollars)	Population (thousands)	GNP per capita
1950	\$341.6	151,683	\$2,252.07
1951	367.6	154,360	2,381.45
1952	381.1	157,028	2,426.96
1953	397.0	159,636	2,486.91
1954	389.7	162,417	2,399.38
1955	417.4	165,270	2,525.56
1956	430.3	168,174	2,558.66
1957 (p)	433.9	171,229	2,534.03
1958 (e)	435.0	175,136	2,483.78

(p) preliminary
(e) estimated

The threat of labor troubles is an important fly in the ointment. The steel industry, for example, expects sales, prices, and production to rise this year, but it also expects these bright prospects will increase chances of strikes when the labor pacts expire July 1. The possibility that production may be shut off for a time will stimulate inventory accumulations during the first six months.

Certainly higher wage scales and escalator clauses in new contracts will add to inflationary pressures.

An expectation widely held is that the new Congress will be a spending one, against the wishes of the President, the Federal Reserve Board, bankers, and conservative economists who realize the inflationary impact of Federal deficits. Sincere attempts will be made to balance the budget and undertake Treasury financing on the least inflationary basis.

As the level of business activity rises, the demand for bank credit will increase and interest rates will continue firm. The monetary authorities have not deviated for years from a policy of unhesitatingly keeping a tight rein on inflationary pressures in the credit field regardless of political pressures.

Many Favorable Factors

Now for some good factors, including trends and developments which seem fairly well established and provide the basis for most of the optimistic forecasts.

The best advances by far are being made in the building industry. Construction awards as we turned into this year were running about 10% above a year ago.

Retail trade, personal income, industrial production, gross national product, and a long list of related indicators all show a favorable trend, some sharply upward and others moderate.

Steel production is the highest in a year and a half and even the textile industry, which has not been doing well for several years, shows signs of a genuine recovery.

Paper production has regained levels of a year ago and machine tool makers expect a gradual improvement. The natural gas industry should contribute substantially to the recovery momentum because of a Supreme Court decision opening the way for major pipeline construction costing many millions.

There is apparently strength behind the effort to balance the Federal budget, but the strength behind the movement to unbalance it is not apparent but real.

As to the new automobiles, it has become almost a monotonous chant among commentators to say that it is too early to estimate popular demand. It is not too early, however, to see that the public is taking a long time to make up its mind, so the guesses for 1959 are dropping down toward 5,500,000 cars.

Internationally, there are many items to list on the plus side of the ledger. The European Common Market, while it may increase our competition abroad, will have long-run benefits for currency stability and trade which are bound to improve the whole position of the free world.

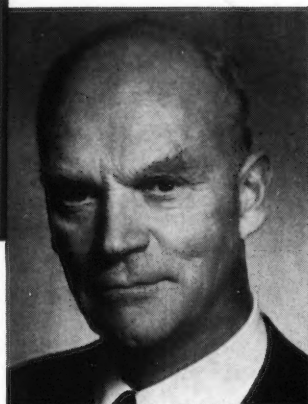
Also, if the way to a better world is by making development loans easier for underdeveloped countries, then we are moving in the right direction. The World Bank, International Monetary Fund, Export-Import Bank, and a growing number of regional development loan funds are all adding to the volume of currencies of "know-how" countries going to work in Africa, Asia, and Latin America.

In the cold war, Russia fired a missile into orbit around the sun and fired Mikoyan at us. We shoot back at Russia with our Gross National Product and go into orbit around Mikoyan.

WILLIAM R. KUHN

Bankers ARE Buyers— AND THEY BUY ART METAL

A message from Andrew Wilson, Chairman of the Board of Art Metal Construction Company, who for 19 years headed The County Trust Company, with offices throughout Westchester County, N.Y.



One of the assets we value most at Art Metal is our wonderful relationship with banks, from one end of the country to the other. Many of the "great names" already have Art Metal counters in the tellers' row, Art Metal desks not only on the officers' platform but all over the bank... Art Metal filing cabinets, tables, chairs, partitions....

The reason is not just friendship. Bankers are *buyers*; they look for *value*. And in the past decade, so many of them have outgrown their quarters that now they are looking well ahead.

For this reason, they lean strongly to Art Metal *Modulars*. When it is necessary to expand again, these flexible Modulars can be re-fitted to the new floor plan. "Arrange for today's needs—rearrange

for tomorrow's." Each work station is tailored to actual job requirements—and can be re-tailored at any time. And since Art Metal workmanship and construction are superior, they naturally ensure a longer, trouble-free life.

We foresee a generation of outstanding growth for banks, and we believe that our Art Metal bank furniture is and will be the logical, economical answer to their interior problem. It saves space, increases efficiency, and fights off obsolescence.

* * *

I should be very much pleased to hear from you personally about your problems and I will endeavor to see that the right man reaches you promptly with sound banking answers.

Art Metal

CONSTRUCTION COMPANY

Jamestown 10, N.Y.

The girl who wouldn't smile

LIBUSE LOOKED much older than four, there in our Nuremberg office. And she wouldn't smile—not even at the little rag doll she'd brought along when she and her parents fled from Czechoslovakia as the Iron Curtain rang down in 1948.

"Finally," recalls Bill Burk, now District Manager of the American Express New Orleans office, "she *did* smile—and she suddenly became a normal little girl again.

"It was when I finally was able to tell her, 'Your ticket to America.' Believe

me, I've never felt happier in my life!"

In his twelve years with American Express, Bill Burk has helped people from Nuremberg to Tripoli, Seattle to Stockholm. He's helped local tourists whose car had been stripped of all their luggage and funds, and world travelers who arrived after hours with four-figure checks on distant banks.

"That sort of thing happens all the time. You come to expect the unexpected," explains Bill. And this attitude is typical of American Express personnel.

In 400 offices around the world the Bill Burks of American Express are ready to help your clients with just about everything from choice of restaurants to choice of baby sitters. They know the world's customs, people, languages. (Bill speaks French, German, Swedish; can get by in Spanish and Italian. Yet his linguistic versatility is not unusual—for an American Express man.)

See why American Express can give home-town service away from home—most any place in the world?

American Express Company

TRAVELERS CHEQUES • TRAVEL SERVICE • CREDIT CARDS



William N. Burk, District Manager, American Express, New Orleans

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